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Western Mining in the Twentieth Century Oral History Series

Harry M. Conger III

MINING CAREER WITH ASARCO, KAISER STEEL, CONSOLIDATION COAL, HOMESTAKE, 1955 TO 1995: JUNIOR ENGINEER TO CHAIRMAN OF THE BOARD

With Introduction by
C. Lee Emerson

Interviews conducted by
Eleanor Swent
in 1999 and 2000

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Since 1954 the Regional Oral History Office has been interviewing leading participants in or well-placed witnesses to major events in the development of northern California, the West, and the nation. Oral history is a method of collecting historical information through tape-recorded interviews between a narrator with firsthand knowledge of historically significant events and a well-informed interviewer, with the goal of preserving substantive additions to the historical record. The tape recording is transcribed, lightly edited for continuity and clarity, and reviewed by the interviewee. The corrected manuscript is indexed, bound with photographs and illustrative materials, and placed in The Bancroft Library at the University of California, Berkeley, and in other research collections for scholarly use. Because it is primary material, oral history is not intended to present the final, verified, or complete narrative of events. It is a spoken account, offered by the interviewee in response to questioning, and as such it is reflective, partisan, deeply involved, and irreplaceable.

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Introduction by C. Lee Emerson, President (retired), Kaiser Resources.

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PREFACE

The oral history series on Western Mining in the Twentieth Century documents the lives of leaders in mining, metallurgy, geology, education in the earth and materials sciences, mining law, and the pertinent government bodies. The field includes metal, non-metal, and industrial minerals. In its tenth year the series numbers thirty-five volumes completed and others in process.

Mining has changed greatly in this century: in the technology and technical education; in the organization of corporations; in the perception of the national strategic importance of minerals; in the labor movement; and in consideration of health and environmental effects of mining.

The idea of an oral history series to document these developments in twentieth century mining had been on the drawing board of the Regional Oral History Office for more than twenty years. The project finally got underway on January 25, 1986, when Mrs. Willa Baum, Mr. and Mrs. Philip Bradley, Professor and Mrs. Douglas Fuerstenau, Mr. and Mrs. Clifford Heimbucher, Mrs. Donald McLaughlin, and Mr. and Mrs. Langan Swent met at the Swent home to plan the project, and Professor Fuerstenau agreed to serve as Principal Investigator.

An advisory committee was selected which included representatives from the materials science and mineral engineering faculty and a professor of history of science at the University of California at Berkeley; a professor emeritus of history from the California Institute of Technology; and executives of mining companies. Langan Swent delighted in referring to himself as "technical advisor" to the series. He abetted the project from the beginning, directly with his wise counsel and store of information, and indirectly by his patience as the oral histories took more and more of his wife's time and attention. He completed the review of his own oral history transcript when he was in the hospital just before his death in 1992. As some of the original advisors have died, others have been added to help in selecting interviewees, suggesting research topics, and securing funds.

The project was presented to the San Francisco section of the American Institute of Mining, Metallurgical, and Petroleum Engineers (AIME) on "Old-timers Night," March 10, 1986, when Philip Read Bradley, Jr., was the speaker. This section and the Southern California section of AIME provided initial funding and organizational sponsorship.

The Northern and Southern California sections of the Woman's Auxiliary to the AIME (WAAIME), the California Mining Association, and the Mining and Metallurgical Society of America (MMSA) were early supporters. Later the National Mining Association became a sponsor. The

project was significantly advanced by a generous bequest received in November 1997 upon the death of J. Ward Downey, UC Berkeley alumnus and early member of the mining series advisory committee. His own oral history was completed in 1992. Other individual and corporate donors are listed in the volumes. Sponsors to date include nineteen corporations, four foundations, and 113 individuals. The project is ongoing, and funds continue to be sought.

The first five interviewees were all born in 1904 or earlier. Horace Albright, mining lawyer and president of United States Potash Company, was ninety-six years old when interviewed. Although brief, this interview adds another dimension to a man known primarily as a conservationist.

James Boyd was director of the industry division of the military government of Germany after World War II, director of the U.S. Bureau of Mines, dean of the Colorado School of Mines, vice president of Kennecott Copper Corporation, president of Copper Range, and executive director of the National Commission on Materials Policy. He had reviewed the transcript of his lengthy oral history just before his death in November, 1987. In 1990, he was inducted into the National Mining Hall of Fame, Leadville, Colorado.

Philip Bradley, Jr., mining engineer, was a member of the California Mining Board for thirty-two years, most of them as chairman. He also founded the parent organization of the California Mining Association, as well as the Western Governors Mining Advisory Council. His uncle, Frederick Worthen Bradley, who figures in the oral history, was in the first group inducted into the National Mining Hall of Fame in 1988.

Frank McQuiston, metallurgist for the Raw Materials Division of the Atomic Energy Commission and vice president of Newmont Mining Corporation, died before his oral history was complete; thirteen hours of taped interviews with him were supplemented by three hours with his friend and associate, Robert Shoemaker.

Gordon Oakeshott, geologist, was president of the National Association of Geology Teachers and chief of the California Division of Mines and Geology.

These oral histories establish the framework for the series; subsequent oral histories amplify the basic themes. After over thirty individual biographical oral histories were completed, a community oral history was undertaken, documenting the development of the McLaughlin gold mine in the Napa, Yolo, and Lake Counties of California (the historic Knoxville mercury mining district), and the resulting changes in the surrounding communities. This comprises forty-three interviews.

Future researchers will turn to these oral histories to learn how decisions were made which led to changes in mining engineering education, corporate structures, and technology, as well as public policy regarding minerals. In addition, the interviews stimulate the deposit, by interviewees and others, of a number of documents, photographs, memoirs, and other materials related to twentieth century mining in the West. This collection is being added to The Bancroft Library's extensive holdings. A list of completed and in process interviews for the mining series appears at the end of this volume.

The Regional Oral History Office is under the direction of Willa Baum, division head, and under the administrative direction of The Bancroft Library.

Interviews were conducted by Malca Chall and Eleanor Swent.

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Western Mining in the Twentieth
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Interviews Completed, March 2001

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Samuel S. Arentz, Jr., *Mining Engineer, Consultant, and Entrepreneur in Nevada and Utah, 1934-1992*, 1993

James Boyd, *Minerals and Critical Materials Management: Military and Government Administrator and Mining Executive, 1941-1987*, 1988

Philip Read Bradley, Jr., *A Mining Engineer in Alaska, Canada, the Western United States, Latin America, and Southeast Asia*, 1988

Catherine C. Campbell, *Ian and Catherine Campbell, Geologists: Teaching, Government Service, Editing*, 1989

William Clark, *Reporting on California's Gold Mines for the State Division of Mines and Geology, 1951-1979*, 1993

John Robert Clarkson, *Building the Clarkson Company, Making Reagent Feeders and Valves for the Mineral Industry, 1935 to 1998*, 1999

Norman Cleaveland, *Dredge Mining for Gold, Malaysian Tin, Diamonds, 1921-1966; Exposing the 1883 Murder of William Raymond Morley*, 1995

Harry M. Conger, *Mining Career with ASARCO, Kaiser Steel, Consolidation Coal, Homestake, 1955 to 1995: Junior Engineer to Chairman of the Board*, 2001

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Helen R. Henshaw, *Recollections of Life with Paul Henshaw: Latin America, Homestake Mining Company*, 1988

Homestake Mine Workers, Lead, South Dakota, 1929-1993, interviews with Clarence Kravig, Wayne Harford, and Kenneth Kinghorn, 1995

Lewis L. Huelsdonk, *Manager of Gold and Chrome Mines, Spokesman for Gold Mining, 1935-1974*, 1988

William Humphrey, *Mining Operations and Engineering Executive for Anaconda, Newmont, Homestake, 1950 to 1995*, 1996

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G. Frank Joklik, *Exploration Geologist, Developer of Mt. Newman, President and CEO of Kennecott, 1949-1996; Chairman, Salt Lake 2002 Olympic Winter Games Committee*, 1997

Evan Just, *Geologist: Engineering and Mining Journal, Marshall Plan, Cyprus Mines Corporation, and Stanford University, 1922-1980*, 1989

Robert Kendall, *Mining Borax, Shaft-Freezing in Potash Mines, U.S. Borax, Inc., 1954-1988*, 1994

The Knoxville Mining District, The McLaughlin Gold Mine, Northern California, Volume I, 1998

Anderson, James, "Homestake Vice President-Exploration"
Baker, Will, "Citizen Activist, Yolo County"
Birdsey, Norman, "Metallurgical Technician, McLaughlin Process Plant"
Bledsoe, Brice, "Director, Solano Irrigation District"

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Cerar, Anthony, "Mercury Miner, 1935-1995"
Ceteras, John, "Organic Farmer, Yolo County"
Conger, Harry, "President, Chairman, and CEO, Homestake Mining Company, 1977 to 1994"
Corley, John Jay, "Chairman, Napa County Planning Commission, 1981 to 1985"
Cornelison, William, "Superintendent of Schools, Lake County" (Includes an interview with John A. Drummond, Lake County Schools Attorney)

The Knoxville Mining District, The McLaughlin Gold Mine, Northern California, Volume III, 1998

Crouch, David, "Homestake Corporate Manager-Environmental Affairs"
Enderlin, Elmer, "Miner in Fifty-Eight Mines"
Fuller, Claire, "Fuller's Superette Market, Lower Lake"
Goldstein, Dennis, "Homestake Corporate Lawyer"
Guinivere, Rex, "Homestake Vice President-Engineering"

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Gustafson, Donald, "Homestake Exploration Geologist, 1975-1990"
Hanchett, Bonny Jean, "Owner and Editor, Clearlake Observer, 1955-1986"
Hickey, James, "Director of Conservation, Development, and Planning for Napa County, 1970 to 1990"
Jago, Irene, "The Jagos of Jago Bay, Clear Lake"
Jonas, James, "Lake County Fuel Distributor"
Koontz, Dolora, "Environmental Engineer, McLaughlin Mine, 1988-1995"

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Kritikos, William, "Operator, Oat Hill Mine"
Landman, John, "Rancher, Morgan Valley"
Lyons, Roberta, "Journalist and Environmentalist"
Madsen, Roger, "Homestake Mechanical Engineer"
Magoon, Beverly, "Merchant and Craft Instructor, Lower Lake"
McGinnis, Edward, "Worker at the Reed Mine"

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Harold Moskowite, "Napa County Supervisor"
Marion Onstad, "Neighbor and Employee of the McLaughlin Mine, 1980-1995"
Ronald Parker, "Resident Manager of the McLaughlin Mine, 1988-1994"
Richard Stoehr, "Homestake Engineer and Geologist to Senior Vice-President and Director"
Joseph Strapko, "Exploration Geologist, McLaughlin Mine Discovery, 1978"

The Knoxville Mining District, The McLaughlin Gold Mine, Northern California, Volume VII, 2000

Jack Thompson, "General Manager, McLaughlin Mine, 1981-1988"
Twyla Thompson, "County Supervisor, Yolo County, 1975-1985"
Avery Tindell, "Capay Valley Environmentalist"
John Turney, "McLaughlin Metallurgist: Pioneering Autoclaving for Gold"
Della Underwood, "Knoxville Rancher, McLaughlin Mine Surveyor"
Walter Wilcox, "County Supervisor, Lake County, 1979-1995"
Peter Scribner, "Boyhood at the Knoxville Mine, 1941-1944"

Marian Lane, *Mine Doctor's Wife in Mexico During the 1920s*, 1996

John Sealy Livermore, *Prospector, Geologist, Public Resource Advocate: Carlin Mine Discovery, 1961; Nevada Gold Rush, 1970s*, 2000

J. David Lowell, *Using Applied Geology to Discover Large Copper and Gold Mines in Arizona, Chile, and Peru*, 1999

Plato Malozemoff, *A Life in Mining: Siberia to Chairman of Newmont Mining Corporation, 1909-1985*, 1990

James and Malcolm McPherson, *Brothers in Mining*, 1992

Frank Woods McQuiston, Jr., *Metallurgist for Newmont Mining Corporation and U.S. Atomic Energy Commission, 1934-1982*, 1989

Gordon B. Oakeshott, *The California Division of Mines and Geology, 1948-1974*, 1988

James H. Orr, *An Entrepreneur in Mining in North and South America, 1930s to 1990s*, 1995

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Patrick Purtell, *Maintenance and Management at the McLaughlin Mine, 1985 to 1997*, 1999

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John Reed, *Pioneer in Applied Rock Mechanics, Braden Mine, Chile, 1944-1950; St. Joseph Lead Company, 1955-1960; Colorado School of Mines, 1960-1972*, 1993

Joseph Rosenblatt, *EIMCO, Pioneer in Underground Mining Machinery and Process Equipment, 1926-1963*, 1992

Robert Shoemaker, *Metallurgical Engineer: Union Carbide, Bechtel, San Francisco Mining Associates; Metallurgical Consultant, 1953 to 2000*, 2001

Eugene David Smith, *Working on the Twenty-Mule Team: Laborer to Vice President, U.S. Borax & Chemical Corporation, 1941-1989*, 1993

Simon Strauss, *Market Analyst for Non-ferrous Metals and Non-metallic Minerals, Journalist, Mining Corporation Executive, 1927-1994*, 1995

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James V. Thompson, *Mining and Metallurgical Engineer: the Philippine Islands; Dorr, Humphreys, Kaiser Engineers Companies; 1940-1990s*, 1992

William Wilder, *Owner of One Shot Mining Company: Manhattan Mercury Mine, 1965-1981*, 1996

Alexander M. Wilson, *Leading a Changing Utah Construction and Mining Company: Utah International, GE-Utah, BHP-Utah, 1954 to 1987*, 2000

Interviews In Process

Frank Aplan, metallurgist
Dean Enderlin, "Mine Geologist, Reclamation Manager, McLaughlin Mine"
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Rebecca Bender
Bruce A. Bolt
Clemence DeGraw Jandrey Boyd
James Brown Boyd, Harry Bruce Boyd, Douglas Cane Boyd, and Hudson Boyd in memory of James Boyd
Philip and Katherine Bradley
Albert T. Chandler
David J. Christie
William B. Clark
Mr. David Crouch
Nancy S. and James T. Curry, Sr.
Stanley Dempsey
Edward C. Dowling
Elisabeth L. Egenhoff
Christine Finney
H. S. Pete Fowler
Maurice and Joyce Fuerstenau
Louis R. Goldsmith
Donald L. Gustafson
Jayne K. Haldane
Kenneth N. Han
Guy H. Harris
Bonnie, Russell, and Steve Harford
James H. Hickey
Mason L. and Marie J. Hill
Gael Hodgkins
Sylvia Hochscheid, in memory of Robert E. Hochscheid
Mrs. Bruce S. Howard, in memory of Henry Harland Bradley
Lewis L. Huelsdonk
Ruth B. Hume
Howard Janin
Jack M. Jones
Alfred Juhl
Evan Just
Sheila Kelley
James C. Kimble
Kenneth Kinghorn
Noel W. Kirshenbaum
Nancy H. Landwehr
Carl F. Love
Plato Malozemoff
Sylvia C. McLaughlin
Sylvia C. McLaughlin, in memory of Jay Kimpston Swent
Frances B. Messinger
L. Arthur Norman, Jr.
Patrick O'Neill
K. Osseo-Asare
George F. Reed
John J. Reed
Richard W. Rees
Jane A. Rummel

Robert S. Shoemaker
Simon D. Strauss
John R. Struthers
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James V. Thompson
Twyla J. Thompson
John J. Trelawney
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Barbara A. Whitton in memory of William B. Whitton
William B. Whitton
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INTRODUCTION by Lee Emerson

It is easy for me to write an introductory note regarding my good friend Harry Conger. I could really do this in one sentence because Harry is an extremely bright person, has a tremendous work ethic, and he is a leader of people. That says it all as far as I am concerned, but I will give a few added remarks concerning my experience with Harry.

I first met Harry in the early sixties soon after he came to work at the Eagle Mountain Iron Ore Mine. At that time, I was executive vice president of Kaiser Steel Corporation. A few years later, the company signed a long-term contract for iron ore pellets with the Japanese and, of course, Harry was very much involved in the negotiations. About ten years later, I had occasion to call Harry to ask him if he would mind moving from Eagle Mountain to Fernie, British Columbia. Kaiser Steel had purchased a coal property there and had entered into a long-term contract with the Japanese steel mills at a very attractive (from the Japanese point of view) price. The mine was not performing in terms of production, quality, or costs, and I had been asked to take over the responsibility for the mine. I probably should have moved up to Fernie, as I seemed to be going up there once a week. The smartest thing I did was to give Harry a ring and ask him if he would mind moving his lovely wife, Phyllis, and his two sons to British Columbia. Being a good soldier, he readily accepted and entered into deep discussions concerning a failed mining plan, a coal washing which did not do the job, together with high costs. Eighteen months later, Harry had turned around the mine, the wash plant, the drier, and had reduced costs significantly.

It then became necessary to renegotiate our contract with the Japanese as we had been losing about $5 per ton on a five-year contract, representing losses in millions of dollars. Several of us went to Japan many times and it was a definite asset to the negotiating team for Harry to be on hand. The Japanese respected him greatly and had confidence in his ability to perform. The contract negotiations dragged out over several months and I personally had gone over to Tokyo for a weekend and ended up spending three months. In the meantime, we had had as a guest at the mine one of the top Japanese negotiators who it turned out was injured in a traffic accident going through the mine. This is not exactly the way to win over our Japanese friends, but the Japanese gentleman survived and returned in time to execute the contract which involved a considerable increase in the price.

Good news and fine accomplishments seem to travel fast, and shortly after we signed the new contract, Harry was contacted by another mining firm and he resigned from the company. His resignation was a great loss to the company and certainly all of us hoped that he would

stay on, but he had accomplished his mission and the whole mining operation had been turned around.

Finally, I will conclude with what I said in the first paragraph: that Harry is a man of his word, has a strong work ethic and a brilliant mining mind, and is a strong leader.

Lee Emerson
Chairman of the Board - Retired
Oregon Steel Mills

San Francisco, California
February, 2001

INTERVIEW HISTORY--Harry M. Conger III

Harry M. Conger III was the first mining engineer to head Homestake Mining Company, California's oldest gold mining company. He was president, CEO, and chairman of Homestake, and has served as trustee of California Institute of Technology and director of Pacific Gas & Electric Company. He has been president of the American Mining Congress, now the National Mining Association; in 1995, he was presented the American Mining Congress Distinguished Service Award, the first to receive the honor as an active mining executive. The award recognizes distinguished service to the mining, metallurgical, and/or mining processing industries.

Harry Conger's interest and support have made possible the oral series on Western Mining in the Twentieth Century of which this volume is a part. He was president of Homestake Mining Company at the time of the discovery by Homestake's geologists of gold at the Manhattan Mine in Napa County. Without his advice and encouragement, the oral history project to document the Knoxville Mining District and the development of the Manhattan/McLaughlin Mine would surely have been truncated. An invitation letter to be an interviewee in that project was sent in 1993, and he accepted. By this time he had become chairman of the board of Homestake. Two interviews were held of two hours each, on 2 and 15 March 1994. These interviews are in Volume II of *The Knoxville Mining District, The McLaughlin Gold Mine, Northern California, 1978-1995*, completed in 1998.

Harry Conger's career is significant beyond just the McLaughlin Mine experience, and so on 12 March 1999, after his retirement, he was invited to be interviewed further on his wide-ranging career which included positions of responsibility with four major mining companies: Asarco, Kaiser Steel, and Consolidated Coal, as well as Homestake. A planning session was held at the Lakeview Club in Oakland on 10 March 1999. These are notes I made of that meeting:

> Harry and I met at the Lakeview Club [in the former Kaiser executive suite in its headquarters building in Oakland, California] before the regular meeting of the San Francisco section of SME [Society of Mining Engineers] to discuss doing a full-scale oral history. He is having metal pins and a rod removed tomorrow from his leg which he injured in an accident last Memorial Day. Then he and Rosemary and the Humphreys are going to Barranca de Cobre with the Commonwealth Club. Then a cruise from Fiji [Tahiti?] to Hawaii, and an ASA board meeting in Portugal. He was at a Cal Tech board meeting in Pasadena yesterday and the day before. But he wants to get started with the interviews.

I asked him what he considered the significance of his career. He thinks it is in the broad variety; different companies, mining different minerals, holding different responsibilities. He is also modest and credits much of his success with timing, which has worked out to his advantage all along. Sitting where we did, he recalled his first meeting in the executive offices of Kaiser with Edgar Kaiser and Gene Trefethen, when they were at their peak of success, and now it has all vanished. His insights into this will be valuable.

I conducted background interviews by telephone with two former Kaiser executives who knew Conger well: Jack Jay Carlson, President, Kaiser Steel; and Lee Emerson, President, Kaiser Resources. Both of them expressed their regret that Kaiser had not been able to retain Conger. Carlson praised Conger's aptitude for understanding engineering and communicating well with non-miners. He characterized him as "not flamboyant, but solid" and intelligent, admired and liked by his co-workers, and "thorough with his people." Of 25,000 employees, Carlson considered Conger one of the five who stood out in his memory. Emerson gave him credit for turning around a failing operation in British Columbia and inspiring the Japanese buyers to trust in Kaiser's ability to perform. He characterized Conger as "energetic, lively, and bright." Lee Emerson as friend and colleague provided the introduction to the Conger oral history.

Harry Conger is unusual among mining executives of his generation in that he came from a family with no mining connection, and has had an outstanding career with four major companies. After graduating from the Colorado School of Mines, he began working with Asarco at the Bluebell copper mine in Arizona, and quickly rose from laborer to foreman. Then he worked for Kaiser Steel at Eagle Mountain iron mine in Southern California, where he soon became general superintendent. He was sent to British Columbia to manage a troubled Kaiser coal property there. Then he was recruited by Consolidated Coal Company to be vice president and head of their Midwestern operations. In 1974 he accepted Homestake's invitation to return to California as vice president of their base metals division.

By then he had broad experience with both underground and open-pit mines, as well as demonstrated skills in personal relations. He also believed in paying more than lip service to the centrality of worker safety and health and environmental protection. Under his leadership, Homestake continued its tradition of careful management with good employee relations. The company became known as a leader in the mining industry for its pioneer use of autoclaves to process gold ores and for its pro-active environmental policies at the McLaughlin Mine. Homestake properties have garnered abundant safety awards because the commitment came from the top of the organization.

Harry Conger has served as director of Apex Silver Mines, ASA Limited, Baker-Hughes, and Calmat Inc., and the National Mining Hall of Fame. He successfully led a major fund drive for his alma mater, the Colorado School of Mines. He led a less successful drive to obtain funds for Mount Rushmore in the Black Hills of South Dakota, and in his oral history he discusses and compares these efforts. He also discusses the role of the World Gold Council, which he served as chairman.

Seven interviews were conducted on 9, 21, 27, and 30 December 1999; and 7, 17, and 20 January 2000. We interviewed in the morning; I took BART to Walnut Creek and walked a few blocks to the office complex where a receptionist and clerical staff serve several tenants including William Humphrey, who succeeded Conger as president of Homestake. One morning we met in a conference room; the other interviews were conducted in Conger's unpretentious office, filled with trophies and gold- and mining-related objects. A small table beside the desk holds family photos: children, grandchildren, and his deceased wife Phyllis and present wife Rosemary. On the wall is a photo of a dog on a cushion. There are some books on shelves and tables, the retirement tribute from Homestake, a gold clock from ASA, and various mementos of meetings and conferences. We both sit in armchairs on the visitor's side of the desk. Harry is very much at ease, wearing a checked shirt without tie or coat. Trim and vigorous, he has dark auburn wavy hair with hardly any grey. He wears a gold signet ring. After the second interview, we joined others in the conference room where a sandwich buffet was set up for the holiday lunch. On another day we ate lunch at Harry's favorite Japanese restaurant, where he deftly manipulated chopsticks. Harry Conger's unfeigned geniality made interviewing him a pleasure. Throughout the oral history process, he was most considerate and cooperative, prompt in his compliance and forgiving of delays at our end.

The tapes of the interviews were transcribed in our offices and the lightly edited transcript sent to Mr. Conger on 27 April 2000. He reviewed the transcript and returned it within two months, with almost no changes. A few brief sentences were added, neatly and clearly indicated on the transcript. The manuscript was corrected and indexed at our office. The tapes are deposited in The Bancroft Library and are available for study.

The Regional Oral History Office was established in 1954 to record the lives of persons who have contributed significantly to the history of California and the West. The office is a division of The Bancroft Library and is under the interim direction of Ann Lage.

Eleanor Swent, Project Director, Research Interviewer/Editor

March 2001
Regional Oral History Office
The Bancroft Library

Harry Milton Conger Biography

Mining Company Executive

Born Seattle, Washington July 22, 1930

Father: Harry Milton Conger, Jr.
Mother: Caroline Gunnell Connger

Married Phyllis Nadine Conger August 14, 1949
Deceased April 25, 1989

Children: Harry Milton Conger IV December 5, 1955
Preston George Conger January 31, 1958

Married Rosemary Scholz February, 22, 1991

Attended Middle and High School in Selah, Washington

Have Resided in Alamo, California since 1975

Graduated Colorado School of Mines-Engineer of Mines 1955

Honorary Doctorate:

South Dakota School of Mines and Technology 1983
Colorado School of Mines 1988

Registered Engineer in Colorado and Arizona

Board Directorships:
Homestake Minings Company 1977-98 now Emeritus
PG & E Corp. 1982-2001
Baker Hughes 1987-1997
Calmat 1986-1999
ASA Ltd. 1981-
Alex Silver Mine 1997-

Trustee California Institute of Technology 1986-

Chairman American Mining Congress 1986-1989
Chairman World Gold Council 1995-1997
Chairman Western Regional Council 1985

U. S. Army Corps of Engineers- 2nd Lieutenant 1956

Distinguished Achievement Medal Colorado School of Mines 1978

American Mining Hall of Fame Man of the Year 1990

American Mining Congress Distinguished Service Award 1995

Professional Memberships:

National Academy of Engineering 1990-
AIME
Distinguished Member 1987
Charles F. Rand Gold Medal 1990
Mining and Metallurgy Society of America

Social Memberships

Bohemian Club
Pacific Union Club
World Trade Club
Commonwealth Club

Hobbies
Tennis
Bird hunting
Fishing

INTERVIEW WITH HARRY M. CONGER

I FAMILY BACKGROUND AND EARLY YEARS

[Interview 1: December 9, 1999] ##[1]

Five Generations of Harry Milton Congers

Swent: We're repeating some from a previous interview,[2] so let's repeat your birthdate and--

Conger: This will lead us into those years when I was a young person, a very young person, okay? I was born in Seattle, Washington, on July 22nd, 1930--

Swent: The beginning of the Depression.

Conger: The beginning of the Depression; 1929 just passed. My dad had gone to the University of Washington for a couple of years. He was a good athlete, particularly in track and also basketball.

Swent: What was your father's name?

Conger: Harry M. Conger, Jr.

Swent: Oh, he was junior also.

Conger: No, I'm the third. Red's the fourth. Red's son Harry is the fifth, cinco.

Swent: My goodness!

Conger: Yes!

Swent: That's wonderful.

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[1]## This symbol indicates that a tape or tape segment has begun or ended. A guide to the tapes follows the transcript.

[2]In *The Knoxville Mining District, the McLaughlin Gold Mine, Northern California, 1978-1995, Volume II*, 1998.

Conger: A little aside on that: The opportunity occurred that my grandfather, my father, I, and Red were living at the same time, so we had a picture taken of the four of us.

Swent: Isn't that wonderful!

Conger: And then, fortunately, we were able to have a picture of--many years later--my father, me, Red and Harry, so we've got two sets of pictures that span--what would that be?--five generations, in two pictures, so that was sort of fun.

At any rate, I was the eldest son of the family and the first-born, obviously. Then my dad, as I started to say, was going to the University of Washington and really as much interested in sports as he was in academics and more qualified for sports than academics. I can't even tell you what his course was, but as a freshman they're all pretty general anyhow.

The Great Depression Causes the Family to Move from the Northwest

Conger: At any rate, after two years in college and not really doing too well in sports, because there was a lot of competition, and certainly not in school, he married my mom, dropped out of school, and was working for his father, who had a garage and gas station right there in the university district in Seattle. It was the Depression, so Dad was working for his dad; I was--Mom and Dad lived in an apartment--and I was born in July of 1930, and that was just after the Depression hit. It wiped my grandfather's business out. He owed the bank some money for the business, he couldn't meet the call, and lost the business. So that must have happened in about 1932 or maybe '33 that he lost the business.

My dad then got a job working for a pipe fabricating company over in Provo, Utah, right next to the steel mill, so we moved over there. Dad was safety engineer there. How he got the job--because jobs were so hard to get in those days: my mother's uncle was the manager of the plant. He was a mechanical engineer and the manager of the plant, and so he gave Dad a job, fortunately.

My grandfather, who lost his livelihood, too, went back East to Washington, D.C., which is where many of his brothers were--he was one of thirteen children. So he had several brothers that had a laundry back in Washington, D.C., and so my granddad moved back there and set up a landscaping business, doing commercial landscaping for office buildings and so forth.

We went to Utah. We were there for two years, I think it was. I started kindergarten there, so it must have been--yes, '33 when we went there; then I went to kindergarten in the basement of Brigham Young University, which at that time was two buildings right downtown in Provo, before they moved out to their big campus. So here in the basement of this university or college, that was where the kindergarten was, so I went to kindergarten.

Swent: Were your mother's family Mormons?

Conger: No, no, no, Episcopalians. My mother's father was an Episcopal minister, back East in Toledo, Ohio, and he died as a very young man. He was about forty-five or forty-six years old. Died of a heart attack. And my grandmother was a widow from then on. Lived to be eighty-two or eighty-three or something. No, Episcopal.

Swent: I was going to ask, too, how your family came to the Northwest.

Conger: Well, my mother's family first of all came to the Northwest--that's a story in itself. They were all from Pennsylvania, my mother's family: her mother and her brothers and sisters.

Swent: What was their family name?

Conger: Their name was Sibbett. They grew up around Brownsville in Pennsylvania and were comfortable. They were comfortable but not wealthy by any means. But the one brother that I mentioned, George Sibbett, was a mechanical engineer and worked his way through college and was practicing mechanical engineering. One of the sisters, Aunt Betty, married a doctor, and one of the other sisters was an old maid. I just don't recall the rest. But that's sort of the core of the family.

Family Lore of a Gold Mining Charlatan

Conger: Anyhow, they got wiped out by a charlatan who was a very attractive young man. Started courting Aunt--oh, I can't remember her name now, but she was the old maid aunt, as it turns out. But as a young woman she was a beautiful young girl. And so everybody was delighted. She was the eldest of the family, and everybody was delighted that she had a beau because she had been to school and everything but wasn't married. In those days, you had to get married. So here this handsome guy shows up and she had him home to dinner with the family, and he was just delightful, and everybody loved him, and they were so happy about it.

One day he shows up--and he had told them he was in business. Well, this time he showed up for dinner with a little package, and he said he was in the mining business--he has a gold mine. And on the dining room table he sets down this brick of gold. He says, "This is our first production out of the mine. We're going to expand the mine. We're going to take in some investors and so forth." So everybody was sitting there and thinking--you know, they don't know a thing about gold mining. But we sure want the sister to have this husband because he's so attractive. "Well, sure, we'll invest some with you." So they put money in. The guy took off, and it virtually wiped them out.

Swent: Oh!

Conger: So they just picked up and moved to Seattle. So that's sort of how my mother's side got there.

My dad--

Swent: But you were no doubt reared with this story.

Conger: Oh, yes, yes, yes.

Swent: The family story! Be careful!

Conger: It's sort of funny that I wound up in the gold mining business! With my brick. [laughter]

So this was the same Uncle George, that family that now had moved West, and *he* was wiped out. The whole family sort of collectively invested in this thing, sort of wanting to help their sister along. So he subsequently got this job as the manager of this pipe plant. He was a very capable guy. Later on, he moved to California and formed a steel fabricating company called Coulter-Sibbett, which Lee Emerson and the guys--[Jack] Carlson--knew of this company, down in Southern California, like Soule Steel here in San Francisco, the same kind of business. So he was a very successful guy, a very capable guy.

So getting back to those Depression years--

Grandfather Conger, Entrepreneurial and Innovative

Swent: How did the Conger family happen to come out West?

Conger: I'm not as clear how my grandfather first got to Seattle. His history was--he had no formal education, but he was a very entrepreneurial and, oh, an innovative person, sort of taciturn and stern. Dad was always in trouble for one thing or another, with his dad. Dad was the youngest of five, and he had four older sisters. He sort of got the blessing and curse of that situation.

But my grandfather early on--and he must have been in his thirties perhaps--yes, probably in his thirties--he became acquainted with a guy that had this process to put cellophane--you know, to wrap it around things--and one of the things that it became immediately useful for was wrapping up cigarette packages so the cigarettes wouldn't go stale. And so he went down to--well, it would be North Carolina, I guess, and built the machine and set up how to wrap these cigarettes in this cellophane, and get it going. And he made quite a bit of money at that.

And so he took this money and gave it to two of his brothers who were out in Seattle to invest in a sawmill, which was the Seattle Cedar. They would take cedar from Alaska and making beautiful, beautiful siding with this cedar, these huge trees. Because later on, when I was going to college, I worked there at the sawmill in the summertime.

Anyhow, they took Grandpa's investment and used it to build this business up. Then they didn't give him the proper credit for having invested in that. They sort of didn't do right by him on that, so he sort of lost that money. I think it was $80,000 or something like that, which was a tremendous amount of money back then. It would have been probably before 1920, so that was a huge sum of money.

So anyhow, he lost it. He didn't have the use of it. And so then he moved back--then he got into that service station business, which is what my dad--and garage, repair garage and so forth. My dad worked for him when he quit school until my grandfather lost that business in--it must have been '32 or '33. So he moved to Provo; we were there for two years working in the pipe plant, Dad was.

He continued his interest in athletics. He was a field judge for the track meets for Brigham Young, so we'd all go up on weekends when the track meets were on, and Dad officiated at those. Was starter for the races and so forth. So he kept active in that for years, and played handball for years as well. So he kept active in sports.

Swent: When did you start your tennis?

Conger: I didn't start till I came here, California, yes, yes.

Swent: Oh, I thought maybe that was a lifelong--

Conger: No, no. And I was a high school football, basketball, and track and all that stuff, very small school, so you didn't have to be very good to be good there. I was good there, but I was in a small school. So Dad kept active doing that for years.

So then we left Provo probably in about 1935 or '36. A company took over the pipe plant, and they brought in their own manager, so Uncle George was dispossessed of his job, which happened. You know, we see it happen all the time ourselves. So that's when Uncle George came out to California and worked around until he could start this new business with Coulter.

So we then were out of work, so we went back to Seattle and were just there for the shortest time, and I don't know where Dad got the money--he must have saved up for it--but they bought a brand-new 1935 or '36 sedan--I don't know, a six-passenger sedan.

Swent: What kind was it?

Conger: It probably was a Ford or a Chevy, but I don't recall. It was black, as all of Henry's stuff was, and I guess probably all of the other guys' cars were black, too. But it was a black car. And so we loaded up--my mom and dad, me--and I must have been about five then, my cousin, who was probably nine or ten, his mother (my Dad's sister), and their dog, Rufus. So we all piled into this car, and we take off for Washington, D.C., and drove across the country. And going across Nebraska and Kansas the roads are dirt, just section-line roads, but they weren't paved yet. We slept in the car. And, of course, in those days there probably weren't even any motels to stay at. But we'd just sleep out in the middle of Kansas and Nebraska and then Illinois. It must have taken us a week. It seemed like forever.

Swent: At least, yes.

Conger: All of us piled in this car.

Swent: In the summer, it must have been.

Conger: It must have been summer because I don't remember it being snowy or cold or anything, so it had to be summer; you're right.

Swent: What a fantastic trip.

Conger: Yes, yes. It was a fantastic trip.

Swent: And of course your father I suppose did all the driving?

Conger: I think so.

Swent: Did your mother drive?

Conger: She did later. I assume she did.

Swent: Maybe so.

Conger: But in any case, there was a lot of traveling at forty-five miles an hour! [laughter]

Swent: Quite a trip!

Beginning School in Deal County, Maryland

Conger: Anyway, we got there, and Dad went to work for his dad in this fertilizer business when he lived down at Chesapeake Bay. And so Dad and my grandfather would commute into Washington every day. They had a crew of people doing the work for them--

Swent: You were on the Maryland side?

Conger: The Maryland side of Chesapeake Bay, yes--in an area that had no electricity. It was really rural. Right on the canal that goes right into the bay. Deal County. And so we were in a place with no electricity. We had kerosene lanterns and a pump, a hand pump out in the back to pump water to the house. And an outhouse. So we lived there probably almost a year, I guess it was.

Swent: You would have been going to school.

Conger: I was going to school. That was another school I was in. I can't remember how many schools I was in before I finally went to high school.

Swent: What was the town?

Conger: You know, it was Deal County, and there was no town. There was a rural school, eight grades, two rooms, and each row was a grade kind of thing. By that time, I must have been in first grade maybe, probably first grade. So just a small school.

Swent: Was it far from where you lived? Did you walk to school?

Conger: I did walk to school, yes, yes. It wasn't more than a mile, yes. You know, I'm the new kid. You had to sort of fight your way through the yard and make friends and stuff, which is all a good experience.

Swent: What did you do for lunch?

Conger: At that school I can't remember. Another school I went to, kids would bring potatoes and stuff and onions, and they'd make soup. Everybody would bring something, and then somebody--I can't remember who; maybe it was the teacher--because that was another two-room schoolhouse for the first eight grades--you know, they made lunch.

Swent: For heaven's sake!

Conger: With the stuff there.

Swent: I never heard of that.

Conger: Yes, yes. But at that school I don't recall what we did for lunch. We might have gone home, but I just don't recall that.

Swent: Did you have other siblings by then?

Conger: No, no. Still I was an only child, for quite a while. And that sort of fits into this whole story, too.

So we lived there for about a year, and then my grandfather bought a place--we were renting this place--bought a place over in Virginia, just out of Falls Church, which is just across the Potomac from Washington, D.C., which was handier for their business. It brought them a little closer to their business. This was a farm. It must have had ten or twelve acres or something like that. And really quite a nice, big house. But Mom and Dad and I didn't live in that house. There was an outbuilding. It was a less nice house that we lived in.

Grandfather and Dad's sister, who was--I think she was divorced because I never did know her husband; my cousin's father --he may have died--but in any case, she was single. I guess he died because we used to see his father once in a while, old Mr. Cook. He was a cantankerous old guy. He didn't like the Congers, so I don't even remember how it was we went to his house to see him, because he didn't like us. I guess it was my grandfather he didn't like.

Swent: This was in Seattle?

Conger: No, no, this was back in--he lived in Maryland, in Silver Springs, Maryland, on the other side of Washington.

So at any rate--

Swent: So Grandpa lived in the big house.

Conger: Yes. I mentioned that he had all these brothers and sisters. Well, a couple of the brothers had a laundry in Washington, D.C., Conger's Laundry. But my grandfather didn't have any interest in it, so he had nothing to do with it other than--let's see, my dad's uncles owned two laundries in Washington. It was a pretty big business. So we were there all that time, which probably was another two years. We were back in the East three years totally.

And so I went to a much larger school now, in Falls Church, very near Alexandria. I was there for maybe two years. And we all lived together. We were in this one building, and my grandfather and his daughter and my cousin lived in the other one. So this now gets us to about 1938 or something like that. We were there that long, from '35--yes, about '38.

1939: Back to Washington

Conger: So we sort of came to a fork in the road, our family, the three of us: my mom and dad. We sort of came to a fork in the road. One night they called me into their bedroom. We sat around on their bed, and they said--Dad said, "Harry, your mother's going to have a baby." And so by now I'm eight years old or something like that. And so I said, "Good." So they said, "We're trying to decide if we should stay here in the East or move back to Seattle." One of the reasons to move back to Seattle is that my mother's uncle was a doctor, and he had birthed me, and she would like him to do that for the second child. So that was a strong incentive to go back. But then, having decided that she'd like to do that, do we want to move back there or stay here?

So they asked me, "What would you like to do?" And I said, "I'd like to move back." And I don't know why. You know, I was a little kid. How would *I* know anything? Eight years old and had lived in all these different places. How would I know?

Swent: How amazing that they consulted *you*.

Conger: Yes, it was really amazing. And I've always just thought about that as sort of extraordinary.

Swent: It must have made you feel pretty important.

Conger: Yes, yes! So they said, "Okay, we'll do that." So they bought two train tickets, one for Mom and one for me, and Dad was going to stay and continue working, and she had to go, prenatal, I'm sure. Now I know. At that time I didn't know anything about this timing, but anyhow, we preceded Dad. We took the train across. And I think he drove, but I really forget how he got back to the West Coast.

Swent: That must have been a memorable train trip.

Conger: It was. Third class. No amenities. Sitting on those wooden seats. I still remember them. Wooden seats. And so here we're starting across the country on the train, and when we got to Chicago--

Swent: You had to change.

Conger: --they had these huge yards for switching and all that. Our car, because it was third-class or whatever class it was in those days, got set off and didn't get picked up, and it was during the night, and when we woke up in the morning, Mom and I were the only ones in the car, and there was all these cars around, and all these tracks. We're just sitting out there in the middle of all of this.

Swent: Oh, my.

Conger: And so after a while Mom saw some guy walking across the yard, and she goes out at the end of the car and says, "Why are we here?" The guy said, "You shouldn't be on that train. What are you doing there?" So he took us clear across all these tracks to the terminal, and they just set this car off and didn't realize we were on it, and left us there. Poor Mom, with her luggage and everything, and me, and having to get this stuff to the terminal, and then catch another train. So we must have been there a day and a half or something like that to get back on the train to go across--so that must have taken five or six days, too, to get back. It was tough on Mom, who must have been four or five months pregnant.

So anyhow, we got back to Seattle. So then my brother was born in August of 1939.

Swent: Were you living with family then?

Conger: Yes. And that's a key point to this long story. My mother's sister lived in Yakima, Washington, which is sort of the south-

center part of the state. So we stayed with them. They had a large house. My uncle Harry Patrick--his family had come over from Scotland and early on discovered this coal mine on the summit of Snoqualmie Pass, right next to the Northern Pacific's coal mine. These four Scotsmen located these coal measures. So they started up a coal mine. That was quite profitable in those early years for them, so their family--my aunt's family--she and her husband and their only child--were well off, so they had a very nice house in the suburbs of Yakima.

So we stayed with them till my brother was born. My uncle, my mother's brother-in-law, had invested in a brewery out in Selah, which is just four miles out of Yakima, a little bedroom community. Apple ranching was the key activity there. So my dad got a job through my uncle there. And so then we moved to Selah. By this time, I must be nine years old. So that's where I stayed till I graduated from high school. And that's where I met Phyllis [Shepherd]. We were in the same grade. So we grew up from then on and spent the rest of her life together, from that time on.

So that's finally where we got to some place that we stayed, from the third or fourth grade until I graduated from high school. So that was the Depression. So those were my ideas about how the world was. Out of that, the best thing that could have happened to me was my appreciation for having a job, no matter what it is. If you just have a job and get the opportunity to work and do a good job, you'll be rewarded for that, you know? And not what the job is so much as to have the job.

Swent: It sounds as if there was a lot of family closeness there, too.

Conger: Yes. But it was difficult. It makes you close, but yet there's a lot of stress and strife along with that, too.

Swent: And worries.

Conger: A lot of worries.

Swent: Big worries.

Conger: A lot of worries. So yes, closeness, but stress too, yes.

Swent: Good health throughout?

Conger: Yes. We never had any kind of illness that was debilitating in any way, no. No, we were fortunate, all being healthy.

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Swent: So now you have your little brother. What was his name?

Conger: He and I--we grew up for nine years together, from the time I was nine until I left high school at eighteen, left home. And we had a great relationship. But it wasn't close because our ages were so different. But he was the neatest guy--and still is to this day. He's one of the most wonderful--

Swent: I remember meeting him at one of your parties.

Conger: He's just one of the most wonderful people in the world.

Swent: What's his name?

Conger: George.

Swent: George. He looks a lot like you.

Conger: Yes, people say that. I don't see it, but people say that. But he's just the best-natured young person, always happy, always busy, just really a neat guy. And interested in athletics, not too interested in books, didn't go for that much, but just a wonderful, wonderful person. So we had a great nine years together, but it wasn't close because of our age difference. But my friends would come over, and they'd all be high school kids, and he'd be a nine-year-old kid or a ten-year-old kid or whatever.

The topic we were on was the Depression. I guess that's what I--and then in the earlier interview we had I mentioned that that was a blessing and a curse. You know, as I think about it, there really was no curse to it. It was all positive because you learn so much from that, and we survived it very well.

Swent: Although there must have been a lot of worries on your parents' part during those years.

Conger: I'm sure they were worried.

Swent: Of course they were.

Conger: Yes, yes. But other than the stress I mentioned, that's the only manifestation I saw of that worry. You know, we never went without food or anything. We always had clothes.

Swent: We were talking a little earlier about the New Deal.

Conger: Yes.

Swent: The social issues of those days. Was there discussion about that in your family? Do you remember?

Conger: No, you know, I don't. I don't remember. When we left the East and came to the West Coast, it was just two years before the war broke out, and of course that changed everything politically. I know my parents were always Republicans and didn't agree with the social engineering that Roosevelt was imposing on the country. But that all sort of fell in the background, as you would remember, when the war broke out. It was us, and it was not us and them any more. It was all us. We were all for getting this done, and Roosevelt's there, and okay, so he's going to run for the third term; we voted for [Wendell] Wilkie--my folks did--but regardless of who won, this is our country and we're going to--my dad was too old by that time to go into the service, so he didn't. But that changed everything, as far as--the Depression was gone; everybody was working--

World War II; Japanese Internment Not Noticed

Swent: In the Seattle area, there was a lot of defense work. What were the effects of that?

Conger: There was no defense activity there in Selah. But what was there was an artillery range, within a few miles of this town. So we had a lot of soldiers there for a couple of years, about three or four years, I guess. And I remember Mom and Dad would bring some of the guys home, and we'd have Sunday dinner. But there was no defense activity there that Dad could have worked at.

Swent: Let's see, when did you graduate from high school?

Conger: In '49.

Swent: So you were still in elementary school during the war.

Conger: Yes, yes, yes, yes.

Swent: Were you aware of the Japanese internment at all? Were there Japanese around you?

Conger: Yes, there were. They had some truck farms just outside of Yakima. Driving out of Yakima towards Selah, there were some Japanese truck farms. The vegetables that they grew there were just beautiful. Beautiful row on row on row of these beautiful plants: the peas and all kinds of things--better than anybody else

in that area grew. Boy, wheesht, they were gone. One day they were gone. These people were gone, and their fields just went [slaps table]--just like that, die--just awful. I can't remember anybody really being mad about it or saying, "Isn't that awful?" We all felt bad that nobody was taking such good care of these crops. And I as a younger person didn't associate that with what we were told of those people who had been born there. They were Nisei Japanese. But I didn't know all of that. And I don't recall hearing any conversation at home about that. So that didn't ring very high with my parents, obviously.

So there was that experience, which is just sort of a push because I didn't know where they went. I didn't even know they were interned. They were just gone. There was no--maybe there was here in California, but there, there was no discussion of where these people went. I don't remember ever hearing. I really don't know if my parents knew where they went.

Swent: You don't recall that there were children in your school that left.

Conger: No, no, out where we were, we were far enough away that they wouldn't have gone to our school anyhow. But that would have been a good sign, yes. But no, they were not in our school, so I didn't have that as a gauge for what happened. I never knew anyone, even though as I got older I knew people in Yakima--I never knew of anyone that recounted that and said, "You know, one day these kids were gone." Which is what happened.

Swent: I think that's what many of us feel; we went through that and somehow never even noticed.

Conger: Never noticed it. Were you out here then?

Swent: No. I was in the East.

Conger: You were still in the East, and there were no Japanese there.

Swent: No, no. And we weren't even aware of that whole thing happening.

Conger: Until it all came out later. You know, we read now so many things about that time that we lived through and how little we knew about so many things. I was just reading a book review a day or so ago about recounting those years, where in 1939 we had cracked the encrypted code that the Japanese, for the ambassadors, so that happened in August, and they didn't bomb us till December, so there is no direct tie from that ability to the White House, but it's incredible to think that these guys, who cracked the code,

didn't tell somebody that got to Cordell Hull, who was Secretary of State, and Roosevelt. It's incredible to think that they didn't know that.

Swent: It really is.

Conger: Yes. So circumstantially they knew it, but remember, Roosevelt had trouble getting Congress to let him have money to go to Europe to fight Hitler, and so the only way to really precipitate this was to have them abuse us, and they sure as heck did in Pearl Harbor. Yes. And I can remember this, as a young guy, probably in high school by now, but Mom and I were the only ones to talk politics all the time. Mom said they knew it was going to be bombed. And this had to be 1945, '46. Because she read a lot of this stuff that wasn't *New York Times* stuff. These were other publications that cast aspersions on the Roosevelt administration and stuff. So, you know, it was known then, but the major media never said a word about it. There's a lot that went on that we didn't know a thing about.

Swent: People weren't as well informed, no.

Conger: That's good and bad. Sometimes we know too much and try to interfere. But in any case, we sure didn't know much then.

Swent: What about radio? Did your family listen to the radio?

Conger: Yes. Oh, yes, yes.

Radio, Movies, Athletics, Fishing and Hunting

Swent: What did you enjoy listening to?

Conger: Oh, every evening we'd sit and listen to the likes of "Fibber McGee and Molly" and Jack Benny and all of those. All four of us would sit around the radio and listen to those programs. We'd be sure we were through with dinner by that time so that we could just give our undivided attention to these programs. And we really related to all of those radio stars. Fibber McGee and his closet. Poor Molly having to put up with all that. And Jack Benny and Fred Allen, Bob Hope. You know, they all had radio programs then.

Swent: I guess "Amos 'n Andy" was too early?

Conger: No, no, "Amos 'n Andy," Kingfish--no, no that was a favorite, too, yes. Because when we lived back East, we were very closely associated with black people. Back then it was not bad to listen to them in their own environment, doing what they do, and laughing at it. Now you can't do that, but back then it was funny. It was funny! So yes, we did.

Swent: I'm of course a little older than you, but "Little Orphan Annie"--did you happen to listen to that on the radio?

Conger: No, read her in the funnies, but not--

Swent: I remember coming home from school and listening to "Little Orphan Annie" on the radio.

Conger: No.

Swent: Maybe that was a little earlier.

Conger: I don't know. It could have been something I wouldn't have been interested in.

Swent: What about movies? Did you go to movies?

Conger: Yes. We didn't have a movie theater in Selah, but I guess--the first movie I remember seeing, which would have been one I had to be taken to, was "Snow White." Maybe that's the first Technicolor movie. I think that was in color. Maybe the first one. So maybe I was twelve or something like that. I never went to movies with my folks, but some of we guys would--there's a street corner in this little town, and we'd stand there and thumb a ride. Of course, we knew everybody in town, and they knew us, and so they would take us into town because they were going, and we would go to the movie theater, and then we'd get to another place in Yakima and stand on the corner, where everybody looked for you, and get a ride back. So as guys we went to the movies, but--

Swent: What did you and Phyllis do for dating?

Conger: When we got to the point--when we were fourteen or something like that, started dating--there was--well, before I could drive, we didn't do a whole lot. There would be parties--you know, one family or another would have a party, and they'd invite ten or fifteen kids to it. That was probably the only dancing that was done. The community was sort of run by some very strict Swedish people, and so they sat on the school board, and there were never any school dances or anything.

Swent: Oh, really?

Conger: Yes. They were against dancing. So the only dancing that went on in those early years was in a home. You'd go to somebody's home and have a little food and some sort of pop and stuff, and we'd dance.

Swent: To records.

Conger: To records, yes, yes. And it never really changed, even when we were in high school.

Swent: The school didn't have dances?

Conger: They started to towards the end, but initially they didn't.

Swent: So it was parties at home.

Conger: Parties at home mostly.

Swent: School athletic events.

Conger: And athletic events. That was really the big thing. All of us played. The gals were either the cheerleaders or they'd come and root. And then we'd go down to the cafe and have a hamburger or something after the ball game, and walk your girl home. It really did revolve mostly around athletics. Because they went on all year long.

Swent: Church?

Conger: Church. We were Episcopal, and so we went into Yakima to the Episcopal church. And Phyllis--they didn't go to church. Sometimes she'd go with Mom. Mom and I used to go into church. I used to be an acolyte, that kind of stuff, when I was younger, before I went to high school. So Phyllis would go with us sometimes. But that was in Yakima, which is the church that we were married in, St. Michael's, and where we had her memorial service when she passed away.

Swent: All these things that we worry now about--drugs and booze and early sex and all those things were not something you were worried about?

Conger: Boy, being a parent today. I don't know how. It's so difficult. You lose your children so young.

Swent: Well, there must have been--what?--cigarettes? That was--

Conger: Oh, yes. There was a group of kids, maybe five or six in our high school, in a high school of maybe four hundred kids or something

like that--in my graduating class there were sixty-five kids or something like that. And out of that whole group, maybe there were five or six guys who smoked. They didn't play sports. They weren't in the group.

Swent: There was no social pressure to smoke?

Conger: No. We never did anything with them. You know, we looked down on them, and they knew it, and so they smoked all the more, I guess. So the big thing was to be on the other side of that. That's where everybody wanted to be.

Swent: What about Scouts? Were you ever in Boy Scouts?

Conger: Yes, I was in Boy Scouts, but not serious enough to ever become an Eagle Scout. But we had a Scout troop, and I belonged to that for two or three years, I guess it was. We spent most of the time out, doing stuff, rather than studying for merit badges, although a lot of stuff we did earned merit badges. But I was not a serious Scout, but I enjoyed it.

Swent: Did you do camping?

Conger: Yes, yes, yes. That's mostly what we did. Around there there was a lot of places to go. You didn't have to go very far to camp out. We had a couple of rivers right there.

Swent: Was fishing a part of your life?

Conger: Yes, but that was an irritant to my father, who liked to fish, and so he would say, "Let's go out and go fishing." And so I'd say okay. And we'd go to a river and start fishing, and if they weren't biting I just would take off my clothes and start swimming. I was bored. He'd get mad and say I was scaring the fish. And so it turned out to be more of a joke than serious fishing.

The other thing was, Dad liked to lake fish, and he had an outboard motor, bought an outboard motor. So every spring he would get the outboard motor out of the garage and get a big 55-gallon drum, fill it with water, and put the outboard motor in it and start it up and tune it, you know, and get it running. And boy, that thing would run like a top in that barrel. Then we'd go up to the lake and we'd get in--we'd rent a boat, get the motor going, and we'd get out in the middle of the lake, and the doggone motor would conk out. And I would wind up rowing us back into shore. That happened more than once. We always used to tease Dad about his motors. They always ran good in the back yard, but they

never worked on the lake. That happened more than once, and we used to razz him about that.

So I wasn't much of a fisherman, but Dad really did enjoy that. He would go to the coast, he and Mom, and rent a cabin on an island in Puget Sound. They knew these people that had these cabins, and they became good friends, so they would do that every year. I went once or twice, but it wasn't top on my list.

Swent: I'm looking for formative influences here. I'm trying to think what you--you've come to like hunting now.

Conger: Yes, and Dad and I used to hunt. He got me a .410, and he had a 12-gauge, and Mom had a 16-gauge, but she never went out with us. I don't know when she ever shot that. But Dad and I would go pheasant hunting, and we enjoyed that. That was fun. There used to be--not like you had in South Dakota, but we had quite a few pheasants and quail.

Swent: I guess doves are what you hunt now.

Conger: Well, yes, and ducks. And actually last weekend I did get a pheasant.

Swent: Did you?

Conger: Over in the valley, yes.

Swent: In the valley, you said.

Conger: Yes, Sacramento Valley. I hadn't hunted for years until about ten years ago. So I have started that again, and do enjoy that. It's fun to get out, be with the guys and shoot. That is fun.

Great Influences: Mother Caroline and Teachers

Conger: You're searching for formative things. I think probably one of the greatest influences on me was my mother. She and I spent a lot of time together. Dad worked long hours, so he wasn't around the house except in the evenings, and I would get home from school and we would have maybe from four to six in the evening before she started fixing dinner. Things like she got a magazine. I can't remember what it was now. But it had sort of a quiz in it, so we would anxiously await for that magazine. Maybe I'm ten or eleven years old now. And then the magazine would come in the mail, and so that afternoon we would do the quiz. Things like that.

We would sit and listen to the conventions, the Republican convention and the Democratic convention, on the radio. We did those kind of things. And we would talk about that. Mom would get mad. Mom--see, it's black or it's white [laughs], and you've just got to be on one side or the other. And so we had great discussions about those kinds of political things. The McCarthy years, you know. That was going on just before I left home. We were anti-Communist, so we became anti-Hollywood out of all of that, which I have remained ever since, [chuckles] even more so--

So we used to spend a lot of time thinking about those things and paying attention to them, talking about them. Not so much with Dad. Dad wasn't that interested in that, but Mom was. She probably was--oh, I'd say certainly was the dominating influence on how I came to see the world, how I thought about it. She was a very, very determined person. When I graduated from school and got married and went off to Seattle, she didn't like what was happening with the school and a couple of things that happened while I was still going to school. Anyhow, she ran for the school board. And was elected to the school board! And so she did that for--I don't know--it must have been six or seven years, I guess. All during the time my brother, George, was coming up through there.

She was not a silent person on that school board. She wasn't a troublemaker, but she would ask questions that the superintendent found a little uncomfortable to try to explain to this woman that really doesn't understand how things work. So she was an influence, a positive influence, I think, on the school board to get them to do things to look more at developing these young people to go out into the world than what they had been doing.

Swent: What was she particularly pushing for?

Conger: We didn't have teachers that could really prepare you to go out--what really made her conscious of that was when I went to the University of Washington. Here I'm enrolled in engineering, and my algebra and my math skills were awful! Here, I graduated with a B average or a little better than that. And A's in math. And I got over there, and my skills were so bad, I couldn't cope. And so I would tell Mom about that, so that became part of her cause celebre, to make sure that you're preparing these people to go on to college. Not that many went to college, but still, that should be available. Certainly, the kids that aren't going to college don't need algebra and calculus and those things, so don't teach it to their level, but teach it to the level of people that are going to use it. So curriculum and instruction--good, capable teachers.

And, of course, it's tough because a small school like that, you have a heck of a time attracting teachers. One of the teachers I did have--during the war it was hard to get teachers of any kind because people worked in defense and all that and made a lot more money than teaching, but this one chemistry teacher I had--she was a positive influence on me.

Swent: A woman?

Conger: Oh, yes. She worked with Harold Urey, the guy that discovered heavy water and won the Nobel Prize. She was one of his students and did a lot of that work, the lab work. And of course back then heavy water didn't mean much to me, but because of her knowledge and enthusiasm for chemistry and physics, that really stimulated my interest in how fascinating that all is when you really start to understand. So she was a very positive influence.

And there was another teacher in high school, who taught history. Her name was Mrs. Vann. She was just a wonderful, wonderful person. Besides having her as a history teacher, I think she was my homeroom teacher in high school for at least a couple of years. She and I and Phyllis, the three of us, were even friends while we were in high school. But Phyllis and I wrote her every Christmas, and she wrote us every Christmas until she died. And she lived to be eighty-something. But she was a very positive influence on us in education and just what it is to be a nice person because she was just a wonderful person and made us interested in history and what's going on around us. So she was a very positive influence.

Swent: You didn't give the name of the chemistry teacher. Do you remember her name?

Conger: I'm sorry, I can't remember it.

Swent: Oh, that's okay. Maybe you'll think of it later.

Conger: Yes, maybe, but I am not optimistic that I will. [chuckles]

Swent: Those teachers do have a big influence.

Conger: Yes. I'm not sure that I can remember.

Swent: That's okay.

Working from the Age of Twelve at Paying Jobs

Swent: Did you work at all? Did you have jobs in the summer, paying jobs?

Conger: Always, yes. I think I got my Social Security card when I was twelve.

Swent: Really?

Conger: And I was lucky. It was a great place to grow up, so lucky--because we had all these apple orchards. We worked in the orchards all summer long, and then they usually would let us out of school--

Swent: What did you do? What sort of work?

Conger: Well, during the summer, you would need to keep spraying insecticides on the trees to keep the worms from eating the apples.

Swent: What did they use in those days? Do you know?

Conger: Oh, no, no.

Swent: Was it DDT?

Conger: No, I don't think we had DDT then. But in any case, it was an insecticide of some kind. They had pipes that ran out through the orchard, and they would mix this stuff up in a big drum back by the buildings and just pump it out through these pipes, and we would take two-inch rubber hose and hook it onto the pipe and then drag it out through the weeds and stuff, going down the row, spraying each of the trees. Of course, we were dripping in this stuff all the time, too.

Swent: Did you wear any protective gear at all?

Conger: No, no, no, no. So anyhow, you did that during summer, and irrigate--

Swent: How much were you paid?

Conger: Oh, I think we got maybe fifty cents an hour or sixty cents, something like that. And in the fall, of course, they let us out of school because during the war there was nobody but we school kids to do all this work; everybody else was gone. So they let us out of school for two or three weeks, and we would go pick apples.

In the summertime also, in August, you could pick the soft fruit: peaches, apricots and those things, because they ripened earlier.

But then in the fall, October, you would pick the apples. All that picking you got paid by the box, so it was piece work. But lucky because you always had--you know, from the time I was twelve or thirteen, I was buying my own clothes from then on. I made enough that I could buy my own clothes. When I became sixteen, I was able to buy a car, an old '29 Model A. And so, you know, we were all sort of self-sufficient as kids. We were able to take care of ourselves because we had all this job opportunity.

And then, when you got into high school there were the warehouses that brought the fruit in from the orchards and stored it in cold storage, so you worked there, and you stacked these lugs of apples and pears and stuff. And then load them on the railroad cars and send them out. So we always had work. That was such a plus. Kids today--it's so hard for them to--

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Swent: We were talking about your jobs, and I was wondering what sort of jobs Phyllis might have had.

Conger: Phyllis worked all of her adult life. Certainly, during the years when we were in late grade school and high school, she babysat when she was a younger girl, but by the time we got to high school she worked every afternoon and on weekends in the local drugstore, and so she must have worked fifteen or twenty hours a week in the winter in high school, all that time. Of course, the druggist was a very good friend of ours, who we kept in touch with for years after we left town. So she did that.

Marriage to Phyllis Shepherd, 1949

Conger: Our strategy was--Phyllis and mine--that we would get married when we got out of high school. This was sort of a shock to her. It was my idea that we do that because I knew I was leaving town, and I didn't want to leave her behind. So I said, "Look, let's get married, and we'll work my way through school. And then when I get through school, then you can be a housewife and stay at home and take care of the kids." And so she agreed to that, so we did. Two months after we graduated from high school, we got married.

Swent: In the church in Yakima.

Conger: In Yakima, St. Michael's.

Swent: Were your families all--

Conger: Yes, well, they were sort of shaking their heads and saying, "Gee, you know, you guys are awfully young. Why don't you just go to school?" My folks couldn't afford to send me to school, so I needed some way to finance that, and certainly I come from a small school--I did. With the grades I had, I was not going to get any scholarships. I was not deserving of any.

So at any rate, they were sort of shocked at that, but Mom just picked up on that immediately and said, "Okay, if that's what you're going to do, we support that." So she had a reception to introduce Phyllis to all of the family.

Swent: Before?

Conger: Yes, before the wedding. That was very nice. So the aunts and uncles all came from Seattle and from Yakima, and I think we had relatives up at Ronald near the coal mines, which is just a small town near the coal mines in the Snoqualmie Pass area. So anyhow, that was so neat of Mom to do that. So she bought off on that.

Then Phyllis and I--and I was working in a cannery that summer, nearby. So anyhow, we were stacking up money, both of us, to move to Seattle for me to start school and for her to get a job. It was tough for her to find a job. Boy, she was on the pavement every day for four or five months, trying to find a job. Finally she did, at an insurance company.

Swent: I want to know about your wedding.

Conger: Oh, my wedding, our wedding. It was at St. Michael's church. I think Phyllis wore Mom's wedding dress. You know, they had it altered. It had fit Mom, who's quite a bit taller than Phyllis. Yes, I'm pretty sure it was. It was not a new wedding gown. So anyhow, they did that. My recollection is it was a little yellow --you know, from age--because it would have been what?--twenty-five years old or something like that, or more. How old was I? Yes. About twenty-five years old.

Swent: You were about eighteen.

Conger: Yes. Anyhow, it was over twenty years old. My recollection is it was a little bit yellow, but we didn't notice. [chuckles] So we had the wedding in church and then the reception right next door in the parish house.

Swent: Were you both eighteen?

Conger: I had just turned nineteen.

Swent: I was wondering if you had to go through any legal--

Conger: And she was eighteen, and I had just turned nineteen. I don't think we--I really don't know--maybe Mom had to sign for me. I just don't recall.

Swent: I'd guess if you were both over eighteen that you--

Conger: Yes, but back in those days maybe it was older. But in any case, there was no problem with that, whether we had to do that or not--had to have our parents sign.

Swent: Did you have attendants?

Conger: Yes, yes. My best man was my cousin, Archie. And then some of the guys I went to high school with were the ushers. Phyllis--what was her maid of honor? Oh, one of her close friends.

Swent: She didn't have sisters.

Conger: Yes, she did.

Swent: Yes! Oh, of course she did, yes.

Conger: She had four sisters.

Swent: She had a sister she was very close to. I remember that.

Conger: Gloria. And maybe she was. I just have forgotten.

Swent: You didn't run off and--

Conger: No, we didn't elope. It was a real wedding. For our honeymoon we went up--I had a car. I had an old '29 DeSoto by this time, but that wasn't very snappy, so Dad said, "Well, why don't you take my car?" He had a 1941 Plymouth. He said, "You guys can take my car." I said, "Okay. Gee, that's great." So we took that, and we went up to Lake Chelan, which is on the Columbia River just north of Wenatchee. And that's where another guy and I, a high school friend, used to go for two summers, and we batched up there and worked in this guy's apple ranch and did all his grunt work on his ranch, and we batched. So that's where Phyllis and I went on our honeymoon, not to the ranch, but to a motel in Lake Chelan, which was right on this beautiful lake. And so that's where we went on our honeymoon.

I remember that first night we drove as far as Wenatchee, and it was about nine or ten o'clock at night by the time we got there. So we come into the hotel to register. I don't think I thought to make a reservation. Didn't know much about those things in those days. But that was no problem. He had a room, but he was looking at us: "They look too young to me." And Phyllis had a straw hat on, and so while I was saying we wanted a room with a double bed, the guy is looking at me, and Phyllis turned her head a little bit, and rice fell out of her straw hat, and so then he said, "Oh, okay"--because he could tell that we had just gotten married. But he wasn't sure if he would let us have a room!

So anyhow, that's where we went on our honeymoon.

Swent: This was in, you said, August.

Conger: August of '49.

II ENGINEERING STUDIES, 1949 TO 1955

Both Working to Put Harry Through College

Swent: And then you went to--

Conger: Then we went to Seattle, and she really had to work hard to find a job. But did, and got on with an insurance company. She took the raw data from applicants for insurance and put it onto their forms and typed it all on their--processed these things. So she worked there for two years, I guess. Yes, two years.

Swent: While you were in school.

Conger: I was going to school. And I was working part time. Summers I worked at the sawmill that my grandfather years and years before had put that money into. Now the cousins were running it. So I worked out there at the sawmill in the summertime. Then in winters, during the school year, I got a job at a floor tile warehouse. It was an Oakland-based company, E. F. Heine Floor Supplies was the name of the outfit. They were headquartered here in Oakland, and they had a warehouse up there. Had floor tiles and stuff and linoleum and all of those floor products. And I worked out in the warehouse, just stacking the stuff and loading trucks. I could work whenever I wanted to, so as soon as I was through with class, I would go down there in the afternoon and work till six or seven at night.

Swent: How much were you paid?

Conger: Oh, I'll bet it wasn't more than seventy or eighty cents an hour, something like that.

Swent: No benefits?

Conger: Oh, no, no, no, no, no. So I did that while we were in Seattle, worked for those two different companies.

And then, when we moved to Colorado and I transferred, she got a job initially in City Hall--and [snaps fingers] quickly got a job there. It was January when we moved there, too. That was sort of funny. We loaded up everything we owned in this--we had just bought this second-hand car, a '39 Chevy sedan, so we loaded it--it carried everything we owned, but you could hardly see out the back window. So we drove across Idaho and Wyoming down to Denver in the dead of winter, and happily we made it all okay. Didn't get caught in a storm or anything.

But when we got to Golden, we went to this motel, and the next day I went to see the dean of students about enrolling. I had been there before and talked to him and then went back to Seattle and went for a couple more semesters at the University of Washington, and then we moved. And so now it's the second time I'm seeing this guy. So he's showing me what I'm getting in the way of credits to transfer. I was discouraged. After being with him for a couple of hours, I went back to the motel, where Phyllis was, and I said, "Don't unpack any more. We're going back home. They are just not going to give us enough credit." She said, "I'm not getting back in that car for anything. After coming across here and *all* the work we've gone to, we're not leaving." So I said, "Okay, okay." So we stayed.

But she then quickly got a job at City Hall. One of her coworkers turned out and is still one of her--my dear friends, Bonnie Kroger. She was married to a guy named Ray, who worked at Coors Brewery, Ray did. Worked in the bottle shop. Anyhow, she and Bonnie became fast friends, and then the four of us became fast friends.

So one day Bonnie and Phyllis--and this guy they were working for was not a very good person. He was just a screwball. So the two of them got fed up with it one day, and they said, "Let's go down to Coors and see if we can get a job down there"--because that was the biggest thing in the whole county. And they went down there, and sure enough, they both got jobs, like that. Just boom. And so they both went to work down there.

Phyllis was the receptionist and the secretary of Ad[olph] Coors, one of the sons. There were three sons at this time. They were running the business. And of course Phyllis had no secretarial skills, nothing like Rosemary, who trained to be a secretary and could take shorthand just zipzipzipzip, type 400 words a minute, and all that. But Phyllis had none of secretarial skills. But she had a lot of personality and got the chance to learn that. So she was a receptionist and Ad Coors' secretary--because the office was that small in those days. All three of the brothers were right there in this office together, and there were

Phyllis and two other girls in there, I think. So anyhow, so she worked for them all the while.

Swent: A great job.

Conger: Great job, and great people. And Bill Coors to this day is a dear friend of mine. We see each other often, and he remembers when Phyllis used to work there. So that started just a great relationship. And we were so lucky to have that because she had wonderful pay--you know, benefits--

Swent: How much did they pay? Do you remember?

Conger: I couldn't tell you.

Swent: I keep asking this. It's important--

Conger: It *is* important. I can't tell you. And I worked, too, part time, and during the summers down at the experimental plant that the school had. I do remember that. That was eighty-five cents an hour. No overtime, but eighty-five cents an hour. And I could work as much there as I wanted. So I spent a lot of time down there. And between the two of us we made enough money for me to go to school and for us to live. And it was okay. We had enough.

Swent: Was there student housing?

Conger: No, no, not for us. That was right after the war, and there was student housing for the G.I.s, and there was a park just very near the little house we rented, one-room house on the edge of the campus. And they were right across Ford Street in these barracks that were set up during the war for military personnel. Then, of course, after the war they left, so they gave--the school acquired them, and vets could stay there. So all of our friends--most of my classmates were vets. They all lived over there, but we didn't. We had to rent a house.

But anyhow, we made enough money that we got by very comfortably. But Phyllis working at these jobs was the core of our money to live on. I was able to make enough money to pay for the schooling and everything, but she really made the contribution to our welfare.

Swent: And I must say I think--I've heard so many stories--I have so many friends that did this, and then as soon as the husband got his degree, he found somebody else and dumped the wife that had put him through school. It's just wonderful to hear a story where you started out and stuck with it, and it was certainly a wonderful marriage.

Conger: Yes, it was, and I've been so lucky all my life. But Phyllis had to be the luckiest thing that ever happened to me. She was so wonderful.

The Attraction of Mining Engineering

Swent: You didn't say anything in the earlier interview about why you went to CSM. What made you interested in getting the mining? What were you studying at Washington?

Conger: I enrolled in Washington in engineering. And, as you know, the first two years it's all the same anyhow, except for a couple of electives--all the same subject. So there was no immediate pressure right after I went there to declare a major.

Swent: Did you have any anticipation?

Conger: I really didn't initially. As I mentioned to you, my uncle--his father discovered--was one of four guys--that discovered this coal mine. I had never been to that coal mine; I had never seen it. Didn't know anything about coal mining--

Swent: You knew that people that sold gold bricks weren't very trustworthy! [laughs]

Conger: Yes, but that never entered my head. I don't think this guy was a miner anyhow. He was a promoter. But after I got to Washington and enrolled and was starting to take these courses, immediately realizing how much I was going to have to scramble to catch up with these guys that were from the large schools in Seattle and the other cities--but at some point in there--and it was probably my uncle's coal mine that first twigged me to this. He was investing some money in some new equipment for the coal mine. This was after the war. John L. Lewis was giving mine operators the opportunity to invest in new equipment if they would pay his miners more money. In other words, your equipment replaced men. And he would allow that as long as the men that were kept got more money. Which is one of the smartest things any labor leader ever did. Because of that the coal industry in the U.S. grew tremendously, and the price of coal went down each succeeding year during his tenure. It cost less and less and less, even though his miners were making more and more. There were fewer of them making more and more.

Swent: More productive.

Conger: But the people that bought the coal, the people that used electricity, all benefitted from this. And so my uncle--and I didn't know this at the time; this is looking back on it now--but he obviously was taken by that opportunity to invest capital to replace people and produce more coal at less cost. So he was doing that. Once in a while he would be over in Seattle and we would see each other, and he would be telling me about this. And I think that's what got me to thinking about mining--not coal mining, but just mining.

So then I started looking into it a little bit. What does that involve? The thing that intrigued me most as I looked into it was that mining engineers got to do all kinds of engineering: electrical, mechanical, geologic--and then all of the mine infrastructure itself, each of which involves engineering one way or another. You don't even try to put a description on it. But you got to work with people and actually out doing something, and I always had done that. I'd always been working with my hands, out with people who worked with their hands. And I like that.

So that just seemed so much better than sitting in an office somewhere, drafting or calculating or any of that stuff. So that, as time went on, that really became appealing. And then in that first year or two I actually got to go to a mine up in British Columbia, Cominco's Sullivan Mine, in Kimberley, B.C. And got to go underground. Well, that did it. That was so fascinating, to see what they did and what was involved in it; that really tilted the scale for me. From then on, that's what I wanted to do.

The question was what prompted you to go to Colorado? As it turns out, by now I'm a sophomore at Washington, starting to take some mining courses, and there were I think four of us or so in the class, in my class. That was a spring quarter. So then we left and we all worked during the summer, and came back in the fall. My other three buddies left. One guy dropped out of school, the other two guys transferred to another school, and so I was now the class, the mining engineering class. I thought, well, I'm not going to get a lot out of that experience, and so that's when I decided I need to go someplace where there are a lot more people taking this course than me.

Transferring to the Colorado School of Mines

Conger: And so I looked at the various schools, and of course Colorado has always had sort of a high profile, so that was one that I looked at early on. I corresponded with them, and I sure didn't realize

the haircut I was going to take in transferring, but that's what got me interested.

Then, that following summer, I had a job down in the Four Corners area, working on a drill rig, drilling for uranium.

Swent: Who were you working for?

Conger: Well, actually it was for Joy Manufacturing. It was their rig. And I was going to go down there just as a swamper on the rig. So anyhow, on the way down to the Four Corners, I went through Denver and went out to the school and talked to the dean of admissions: what could I do and so forth. And he wasn't nearly as specific as my second visit, when they actually said, "Okay, we'll give you credit for this; we won't give you credit for that" and so on. And so it all sounded pretty do-able on that first visit.

But at any rate, that's what started the process of me transferring there. And then that January I transferred and started my second semester. Colorado is on semester system, and the University of Washington was on quarters. So I had taken the courses, but I didn't have enough hours in the courses because if you add up quarters--for a year, it adds up--two semesters or three quarters, they add up. But any portion of those don't add up. And so I wound up having to take physics again, one semester of it, only because I didn't have enough hours. I had the course. They said, "Well, you can take either the first semester or the second semester. It doesn't make any difference. Whatever you want to study, you can take that; again, because you just need the hours." So, anyhow--

And then all the time I was going to Colorado, because I was so out of step with everybody, I had to have a prerequisite to take this, but it wasn't offered in this quarter or semester, so I had to work through all that. But it all worked out. I had some semesters I had pretty heavy hours to get it all in, but I wanted to get *out* and get to work.

Swent: You must have been very highly motivated at that point.

Conger: Highly motivated to get to work, yes, yes--to get out and do something, yes. So that's how that came about.

Metallurgical Test Work at the Colorado School of Mines Experimental Plant

Swent: And you worked at the experiment station there on the campus.

Conger: Yes. And most of that was metallurgical test work. Different ores would come in, and the lab there, under contract, would do flotation tests and so on. The taconite industry was just getting going, and that was a big project they had for, oh, at least a year that I was working there. Those magnetic separators were being perfected to separate the magnetite mineral from the waste rock magnetically. There was a mechanical problem. The theory worked great, but how to build these drums so that they first of all picked up the magnetite and then deposited it in a continuous process--so anyhow, that was one of the big projects that was going on there.

Another one: I did a lot of work on flotation for potash. There was a potash mineral called langbeinite that was very low grade. They were working on various flotation processes and other ways of separating the various salts so that they came out with the potash that they were after. But anyhow, I worked there all the time that I was going to school, after school and then on weekends and during the summer.

Swent: Was this a U.S. Bureau of Mines--

Conger: No, it was the Colorado School of Mines. It was run by the school.

Swent: I guess it's still going, isn't it? The research institute?

Conger: Well, yes, but it's in other hands now, and it has physically moved. It used to be right on the edge of campus. It moved, oh, it must be ten miles from campus now.

Swent: I think Hazen's business was sort of in competition with it, wasn't it?[1]

Conger: Yes, yes, they were. But Hazen started after I left, a little later.

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[1]See Wayne C. Hazen, *Plutonium Technology Applied to Mineral Processing; Solvent Extraction; Building Hazen Research; 1940 to 1993*, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1995.

Swent: But I think there was a time when people chose between Hazen or Golden, and Hazen did so well.

Conger: Yes, and they really did good work. I don't think Hazen was running then--but there was some minor--and they did compete, and then the school got out of the business, and some of the guys that worked for the school took the business and got some funding from somebody. I don't know where that came from, but it was pretty much that same group for some time.

Swent: I see. I was wondering how--there's so much interest now in university research being independent and not funded by private industry or by government. You probably weren't aware of it at that time, but I was wondering--was there government, state government funding?

Conger: No, I don't think so. I think--

Swent: Like the taconite--was this--

Conger: That was under contract to U.S. Steel or Cleveland-Cliffs or one of the companies.

Swent: The contract was an independent--

Conger: Yes, yes. It was private. I'm sure it was private. I don't think there was any government money in that. I wouldn't have known. But I can remember guys coming from the companies to see how they're coming, what kind of results you're getting. I personally wasn't keeping any records or anything. I was just doing the grunt work to keep that stuff running. But they would come and visit, and I never did see anybody that looked like they were from the government. So I think it was private. I think it was private money. Same with the potash.

Swent: Did they make an effort to tie this in with your studies at all?

Conger: No, no, no. I could have been some guy off the street, working there. They gave preference to students to work there, but--

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Swent: You were about to say that there was no connection--

Conger: No connection between the academic courses and working there.

Swent: That's interesting.

Conger: Some of the guys, who were graduate students, worked there and worked on projects as scientists and engineers, but that would be the closest to what you were asking. But as an undergraduate, no, no, there was no connection. Strictly for money.

Swent: Did you make any personal contacts, with people, through this, that were a help to you later?

Conger: No, not really. There were a couple of people that were associated with the center that were very well known in the industry. A couple of the guys that worked as graduate students there I kept in contact with. Other than knowing them and seeing them at meetings and stuff, it didn't do anything for my career other than just knowing these people, that we had worked together at the plant. They were graduates--actually scientists--working there, and I was a grunt, but we knew each other, and we would see each other at meetings.

One of the guys has passed away now, but he was very well known in the beneficiation of iron ores. I've forgotten his name, unfortunately. The other guy is still alive, and I see him every time I go to an AIME meeting or other mining meetings: Roshan Bapphu.

Swent: Oh, yes.

Conger: You probably know him.

Swent: Yes.

Conger: He worked there as a graduate student. So those are the only two that really come to mind.

Swent: Did you join the AIME [American Institute of Mining, Metallurgical, and Petroleum Engineers] when you were there?

Conger: Yes, when I was a student, yes, yes.

Swent: Did this play any part on the campus?

Conger: Ah, it wasn't that active. We did have guest speakers come in to the student meetings once in a while, but it was not a really active thing. Most of us were pretty busy just keeping everything going.

Swent: Didn't you have a WAAIME [Woman's Auxiliary to the AIME] scholarship?

Conger: I did, I did--from San Francisco, this section. And I also had an Asarco scholarship.

Swent: How did you happen to get that?

Conger: Well, as you know, the schools have these scholarships--companies and organizations like WAAIMEs--advise schools that these scholarships are available for worthy students. And so I remember early on, after I went to Colorado--my great hope was that after six months of living there and working, I would be a resident, so I wouldn't have to pay nonresident tuition. They told me, no, that I had to live there for a year without going to school before I would become a resident. And so that was sort of a shock.

So anyhow, I was sort of counting on having lower tuition after the first semester. I could see that wasn't going to happen, so I did look at what the scholarship situation was, and so I applied for both of these and happily got both of them.

Swent: This is after you were already there.

Conger: After I was there, yes, yes, yes. So that was very helpful.

Swent: The WAAIME loan had to be repaid.

Conger: Yes, yes.

Swent: Was the Asarco a loan also?

Conger: No, no, it was not a requirement to repay that.

Swent: And was there a requirement to go to work for them later?

Conger: No, no. I did, but not because I owed them anything or that they expected me to. Yes, yes. No, that was an arm's length decision on their part and my part. So that was not a repayable scholarship.

Swent: A grant.

Conger: It was a gift, yes, so it was good, very good. As it turns out, that was the best job offer that I had. Let's see, that was in '55. Things were pretty good right then.

III WORKING FOR ASARCO AT SILVER BELL, ARIZONA, 1955 TO 1964

Good Pay, Good Housing, a Great Camp

Swent: I was trying to think what was going on. That was after the Korean War.

Conger: Yes, yes, the Korean War was just over.

Swent: That had given a boost to the mining industry.

Conger: Yes, it was pretty interesting. I remember I hired on with Asarco to go to Silver Bell, and I wasn't good enough that--some of the guys, when they got a job, the company would let them go to the mine and see it before they hired on, so I heard of that, so when I was interviewing with the Asarco guy, I said, "Well, I'd like to go down and see the mine." He said, "Well you can go see it if you want to, but we're not going to send you." [laughter]

So I never went down to see it. Anyhow, I think the job offer was for $465 a month or something like that, which, compared to what Phyllis and I had been making, that was--wow! And this is in the context of an industry that was doing pretty good. By the time we got there--the job offer was made maybe in May, and I had signed up to be there sometime in August because we were going to go back up to Washington and see the folks and all that stuff before I went to work.

When I got there in August, I was filling out the forms--at Silver; we went to Silver Bell--was filling out the forms, and the office manager said, "Oh, by the way, you put down $465 for your starting salary. We've just raised that. Put down $485."

Swent: Well!

Conger: I said, "Wow! How come?" He said, "Well, to get the right number of people we wanted to hire this year, we had to raise the rate,

and so we wanted to treat all of you the same." I said, "That's terrific." That's why I say the industry was doing pretty well then. It turned out that now, three years later, it was not doing well at all, in '58 and '59. But then it was.

Swent: You might tell about your introducing yourself. Was this the person that you introduced yourself to?

Conger: When I went out to Silver Bell--this was a mine Asarco had, an open-pit mine forty-five miles north and west of Tucson. To get out there, you had to drive across a desert valley, and as will happen in the summertime, the summer storms can generate a lot of water, and this valley drained a huge area, so the day I was supposed to go out there and move out there, the valley was flooded and you couldn't get across the flood. So it was a day or so later--we had to stay in town for a day or so--to get out there.

But anyhow, when we got out there, I went to the office, which is a very small building, about four or five rooms--it was a permanent building, but quite small. So I went into the reception area and gave my name and I had an appointment at two o'clock with the manager, Mr. Purvis. And so they took me into his office in a few minutes, and that's when I said, "Hello, I'm from the Colorado School of Mines." And he said, "Yeah? Well, I'm from Socorro [New Mexico School of Mines and Technology]." [laughter]

Conger: Then I realized that he would be more interested in knowing my name than where I was from. At any rate, that was sort of a humbling experience that I needed. We got things on a good basis. But anyhow, I started there as a junior mining engineer. Worked on ore reserves, surveyed and drilled holes, all those kinds of things for about a year.

Six Months of Army Service as an ROTC Obligation

Conger: Actually, it was just almost a year--yes, because that following summer, in about June--I had taken ROTC in school and got a commission as a second lieutenant and had an obligation to serve two years in the service. Because the war was over now, the Korean War, and the military was being cut back, they didn't need the complement of officers that they had been taking, and so they offered a lot of us--if not all of us who were in that same group --the opportunity to take six months of officer training and then seven and a half years of being in the reserves. And so I was not a military person, and I said, "That's great. I'll do that."

You had the option of doing the two years if you wanted to. I said, "I'll do that." I went to Silver Bell in '55 and then in '56 served that six months, starting in the summer sometime. That would be '56. Six months--three months at Fort Belvoir, Virginia, and then three months at Fort Lewis, Washington. In the meantime, Red had been born. So Phyllis and Red--and Red was born in December--so when I was in the army for that six months, Phyllis and Red went back to Washington. She stayed with her dad.

Then, when I went to Fort Lewis, she and I got an apartment right there in Tacoma while I was at Fort Lewis, and then back to Silver Bell later--it must have been '56; maybe by then it was '57.

Swent: Let's see. Red was born December--

Conger: Of '55.

Swent: Now, we hadn't mentioned the ROTC at Colorado, but that was another thing that took time.

Conger: Took time, but paid $27.50 a month, so that was a very helpful component, yes, yes, yes. But you're right, it took time.

Swent: You had mentioned the veterans' housing, but were the veterans--how did you feel about veterans as students? Were they a lot older than you were?

Conger: Yes, yes, they were because a lot of them were veterans of the Second World War, not the Korean War, the Second World War.

Swent: They were still there.

Conger: So these guys were five to eight years older than I.

Swent: And knew what they wanted, I'm sure.

Conger: Yes, sure, and had families. All of them had kids. It was a different environment than you would expect. Because I was married, I fitted in with that group rather than the guys who were my age who belonged to fraternities and so forth. I was more closely aligned with the veterans.

Swent: Even though they were older.

Conger: Yes.

Swent: Because you were married.

Conger: Yes, yes, exactly.

Swent: And working so hard.

Conger: Exactly. So that was the group that we had most friends with.

Swent: You weren't doing a lot of partying.

Conger: No, and they weren't either. None of us were. It was just a time that everybody was putting in to getting their education and we'll do social stuff later.

Junior Engineer Work, a Good Apprenticeship

Swent: So at Silver Bell then, the first year that you were there, you were in the pit.

Conger: Yes, in the office as an engineer and surveying out in the field, the pit and the tailings dam and all of those things--ore reserves in the office. You know, junior engineer stuff. It was good. It reconfirmed my feelings that this isn't what I wanted to do with my life. I needed to do that to see what needed to be done and how it could be done.

And then when I came back from the service, I worked on some projects, construction projects. I managed some small construction projects there at the mine. But what I was waiting for was to get a chance to go out into the mine and shift, get into management, line management. That didn't happen for, oh, four or five months after I got back from service, and I was really getting anxious to do that.

I forget what the circumstances were now, but a guy that had been a close friend of the guy that was the manager of mines for Asarco back in New York--his name was Darwin Pope. Darwin's son and this guy were in the army together, and so when this guy got mustered out of the army, Darwin's son introduced him to his dad, and his dad got him a job out in Silver Bell, and so he got the next shifter job that came open.

Actually, Silver Bell was a new mine. It had only been running about two years or less by the time I got there, and it was Asarco's first open-pit mine. They had had underground mines, but they didn't have any open-pit mines. So this was their first open-pit mine. So they hired a construction company to do the stripping and mining. Asarco people ran the plant and the rest of

the facilities because they had been doing that for a long time. They knew all about that. But they had not run an open pit before.

Swent: In spite of the name Silver, it was a copper mine, wasn't it?

Conger: It was a copper mine, yes, yes. A contradiction in terms. So the initial stripping and the stripping and mining, ore mining, were done by Isbell Construction Company for the first, oh, three plus years. And then Asarco looked at the economics of that and decided--the contract was about to expire with Isbell--and decided to buy mining equipment and do it themselves, which gave all of us a chance to get into production because the contractor was doing all the production work, and we had just sort of monitored what they were doing; we didn't manage the crews or anything.

So that opened up these shifting jobs, and that happened while I was in the army. But they hadn't filled all of the jobs yet by the time I got back. So here I'm thinking, By golly, I ought to get one of these shifting jobs. Because you had two pits, and we operated day shift and swing shift. So there was the opportunity for four shifting jobs, two in each pit. So the first crew went out, and the senior guy got that one, and the next senior guy got the next one, and so on.

Anyway, so the fourth one, this friend of Darwin Pope's son, shows up, and he gets the fourth job. I'm saying, "Oh, bummer! That's not good." So anyhow, I'm rattling around doing these projects, and just sort of biding my time but still watching all of this. After a few months, this guy didn't turn out to be doing a very good job, and so they let him go, and that gave me a chance to get out and shift.

Swent: Justice wins.

Conger: No, not justice. It was the way things work out. That was great. I was doing what I wanted to do, where I wanted to do it. It was a great place. I learned the business right there.

Swent: What about your housing?

Conger: Great housing. It was a great camp. They had built the houses up in Phoenix and brought them down on trailers. When we were first there, we were in apartment houses, but then it wasn't too long before we got into a house. Our house initially was a two-bedroom house and maybe 1200 square feet but certainly no more than that. They were small. But hardwood floors, bathroom, kitchen, carport, a little storage room right off the carport. They were really nice houses.

I told Phyllis when we were in school--because I had been up to this mining camp up in Canada and had seen a little bit of what it's like out in the sticks, so I was telling Phyllis after I took the job, before we went--I said, "You've got to understand that we're going to be way out in the tules, and it's probably not going to be very nice housing, but I'm sure we'll have an individual place to live. We won't be in with other people, right in the living quarters. But it's not going to be very nice."

Because actually I thought it was going to be--and they wouldn't let you go down and look at it beforehand--and we got there, and they showed us the apartment houses--there were three in a building, which are fine, but you've got people on either side of you, and the cockroaches--you know, they'd run through your place to get to their place, and--you know what it's like.

But we could see the houses. "And when one comes vacant, you're next on the list." And so we got a house very shortly after that. Anyway, neat. I had so conditioned Phyllis how *bad* it was going to be, she was in heaven. We had never--neither of us lived in a place any nicer than that. So it was great. And it was a wonderful camp.

Swent: And Red was born.

Conger: Red was born--well, five months after we got there.

Swent: Company hospital?

Conger: No, no, no, no. We had to go to Tucson. He was born in Tucson. As Pres [second son] was, about a forty-five minute drive, a nervous drive that night. But anyhow--

Swent: What was your heath care benefit? Did they have a doctor there at Silver Bell?

Conger: No, no, we didn't have a doctor. We had no medical facility there. But 99 percent of the time you could get into town in forty-five minutes. I never thought anything about it. We didn't have any telephones there.

Swent: Really!

Conger: There were two public phones in camp, and so you had to stand in line. On the holidays and stuff if you wanted to call anybody, your family or anything, you had to stand in line, a big queue, outside of the two public telephones, to call out of camp. Yes, but it was a wonderful camp. About a third of the people were Hispanic, many of whom had worked for Asarco for years and years

over in New Mexico or down in Patagonia. The Trench Mine--it was an underground base metal mine. They were long-time employees of Asarco and good people. And you know because you've lived and worked with them, too. It was just a nice, close camp. Everybody knew everybody, and we all did everything together. There was no segregated housing for bosses or any of that stuff.

Swent: About how many people were living there?

Conger: I guess we must have had, oh, maybe a hundred houses.

Swent: A sizeable camp.

Conger: Yes, yes. And that may be more--it may have been eighty or something like that. But then we had bunkhouses for single guys and a mess hall and a rec building and a swimming pool and a ball diamond, one gas station, one grocery store, and that was it.

Swent: Were the things like gas station and grocery store company-owned or private?

Conger: No, private. You could charge at *the* store, and he could get his money directly from your paycheck, but--a Jewish guy owned it. Became good friends of ours, he and his wife. We used to always tease him. He had the fattest thumbs. I would say, "Fred, I know how your thumbs got so fat." And he'd say, "Yeah? How?" And I'd say, "You used them to hold down the meat scale when you were weighing the meat." [laughter]

Conger: It was a great camp. Great place for the kids to grow up. The bad part about it was the long ride to school, twenty-five miles into the valley, at Avra Valley. But a good school. Gosh, Red had great teachers there, and Pres did, too, when he started. Just really good teachers. We were so lucky that they got started with good teachers like that, even though it was a long bus ride to get there.

Swent: When was Pres born? Let's get that.

Conger: He was born in '58, in January of '58.

Swent: That's Preston, isn't it?

Conger: Preston.

Swent: Well, that was a great beginning.

Conger: Yes, that was a great camp. We were there from July, August of '55 until sometime in '64, maybe the spring of '64, probably spring of '64.

Swent: Nine years, roughly.

Looking for a Change from Being a Shift Boss

Conger: Yes. After that first year, I was shifting for the rest of the time. As we said in the other interview--I reread that recently--I thought I had shifted long enough and was looking for some other kind of opportunity, and there just wasn't anything available. I was offered a shifting job at a new mine Asarco was starting up south of Tucson, the Mission Mine, but there was no company housing for that. The increase in salary was not enough to pay the difference between company housing and what I would have to do to live in Tucson.

When I asked how long I might have to shift down there--because I had already been shifting for about five years--they couldn't tell me because there were no other mines in the offing right then. So I elected to stay. It was my choice to stay at Silver Bell. But once you turn a company down when they want you to do something, you should figure that you haven't played the game right and you ought to do something else. Which I did. It took quite a while to find something else. And I can't recall just exactly the economic conditions then, but it took a while. It took over a year, actually, after I decided I was going to leave.

So at any rate, that's when I went over to Eagle Mountain and got a job over there as foreman.

Swent: Did you ever consider going overseas with Asarco?

Conger: They never offered that. In school I had heard and subsequently I watched this, after I got out of school, you can get quite rapid advancement offshore, overseas, but if you want to come back, you come back down again into some lower situation. So that was sort of a trap. It sort of trapped you into staying offshore. And so I wouldn't have asked to go to one of those.

I did get an offer--I'd forgotten this. I get an offer to go down to Peru as a general foreman. Yes, that's right.

Swent: Southern Peru [Copper Company]?

Conger: Yes, it must have been Southern Peru. That did happen. That's just coming back to me. I was offered a job down there, and I said, "You know, I don't speak Spanish, not a lick of Spanish." And they said, "Yeah, well, the guy that we had lined up for this job spoke Spanish, but he didn't know anything about open-pit mining, so we thought, well, we'll go the other way." So I thought about that, but declined to do that. I can't just remember exactly when that was.

Swent: Toquepala was opening up about that time.

Conger: Yes, the first pit had just opened up, and the smelter was built by then. But in any case--

Swent: You didn't ever seriously consider that.

Conger: No, no, no, no, for the reasons that I mentioned. At any rate, didn't really think that I wanted to go foreign, and so I didn't seek that.

Swent: And you pretty well saw the handwriting on the wall with Asarco that you wanted to go--

Conger: I had written it on the wall, in my mind, by turning them down. And so, in fairness to them and myself, I needed to go on to something else. But it took over a year to find it. And I interviewed Amax at one point. They had a job. In Puerto Rico. And so I sort of rationalized: Well, that's not quite overseas because it's a U.S. territory. But I can remember whoever it was in their organization that interviewed people. He was sort of their chief engineer. I think he was the chief engineer for the company, out of New York. So he was on his way to the West Coast. We had written back and forth a couple of times. He was sort of interested. They were looking for people to staff this new copper mine in Puerto Rico.

So he stopped off in Tucson, and I met him at the airport, and we visited for an hour or two. I had just been shifting all this time, and he was looking for--

An Enlightening Interview with the Chief Engineer of AMAX

[Interview 2: December 21, 1999] ##

Swent: This is December 21st, isn't it?

Conger: It's the 21st, the shortest day of the year.

Swent: And we're in Walnut Creek, California, the shortest day of the year, the brightest moon of the century.

Conger: The earth closest to the sun right now and for some years to come.

Swent: Very exciting. And this is the second interview. Where we stopped was just when somebody had come from New York. You had been interviewed about a mine in Puerto Rico.

Conger: Puerto Rico. And it was Amax. I had decided that because I didn't accept the offer to go down to the Mission Mine, which was just starting up in Tucson, for Asarco, that--you know, once you turn a company down for something they've asked you to do, then you need to think about looking elsewhere for your opportunities because you have let them down. So at that point, when I decided not to go down to Mission, the new opening at the Mission Mine, I had the option to stay at Silver Bell, which I did.

But then I started putting out feelers for employment elsewhere. I had been shifting by this time for at least six years, so I figured it was time to do something else. I certainly wasn't learning any more doing that. And it was this contact with--I think it's the chief engineer for Amax at the time. He was located in New York.

Swent: Do you happen to remember his name?

Conger: No, I don't. But he was quite well known, and I'm sure if we look back through the AIME stuff it would be there. But I'm sorry, I don't remember his name. But in any case, we had been in touch by mail. I had sent a résumé to him; he had responded to it with some questions; I had responded to that; and so he contacted me by mail that he was traveling to Los Angeles from New York and would arrange to stop off in Tucson on the way, if I could meet him at the airport, which I did.

That was a good meeting. It told me some things that I needed to hear about my own experience and what I would be able to do in finding another job. They were looking for a person to go to this new developing mine--I'm sure it's the Puerto Rico copper mine. It was a prospect at that point, but the drilling had apparently satisfied them that there was an economic mineral deposit there. And so they were starting to build a staff for that.

My experience for the job that they had just wasn't what he had in mind for the person to fill that job.

Swent: How did it differ?

Conger: Well, I just hadn't had enough experience in engineering. I'd only been junior engineer for a year or so at Silver Bell, and then I went out into production, shifting, and so I really wasn't using my engineering training for that. As I recall, it must have been chief engineer's job for this new property or something. So at any rate, I felt good about our interview. We must have talked for two or three hours at the airport, probably more because of the plane sequencing, than him wanting to talk to me for three hours. But in any case, it was a very enlightening interview for me.

Swent: You realized that you needed more engineering?

Conger: I realized that I wasn't going to pursue that avenue for advancement without retrenching myself and getting more training to do that, and I recognized that that would have to happen. So that helped shape my idea of what kind of a job I should look for in repositioning myself. I certainly understood all of the things that they wanted that job to do. I know I could have done that job because I felt--really, I had the training; all I needed to do was get in there and do the work, and I could do that. But he didn't see that, and I could see why he didn't see that. I felt very good about the whole thing afterwards. I was not rejected. Enlightened. That was a very useful meeting, useful for me. And I think we may have even corresponded a time or two after that. He wrote me a nice letter, saying he liked the time we spent together and he enjoyed that and was impressed with me; I just wasn't what he was looking for, for that job. And so it was a very positive experience.

Swent: I was just checking to see what your age was at that point. That was '64?

Conger: I was thirty-four--'64, and it was just later that year that I moved to Eagle Mountain because we moved there in '64.

Swent: Kind of at the point where you felt you could do anything that came along, right?

Conger: Yes. First of all, you look at what the job is, and you recognize that if it's an advancement, you haven't had experience in that job. Presumably, you've had enough experience and knowledge to get to where you were, and then you take the next step, and you have to learn what that job is, and the responsibilities, the background. Hopefully, you can make your background fit that.

Deciding Between a Career in Engineering and Production

Swent: What are the differences between engineering and production? What different qualities do they need?

Conger: It's one--well, two things. First of all, to really be good in engineering, you have to be very good on technical things. You have to be good at problem solving in a precise way; you have to have good basic background in math, in geology, in metallurgy or whatever the particular job is. On the technical side, not the operating side but the technical side. I guess an analogy might be guys that go to school and are very good students and have a tendency to want to get more education after they get their bachelor's degree and even teach. Those people are--the technical ones in industry to me are the ones that almost did that but didn't do that, for whatever reason they chose, but they were the nearest thing to academia in industry.

And then guys like myself, who really was not a top student, understood things but it wasn't my burning desire to do that, to continue to do that but rather to manage people, manage operations, do things with what the other group of people work out and say, "Okay, it's going to work. Now do it. Go do it. Run it. Make it all work."

Swent: More analytical?

Conger: More analytical, yes, yes. So in my mind, that was the difference. And this interview with this person with Amax sort of helped me see that clearly. I knew I always wanted to be in operations, but when this job opening came up for a chief engineer, I applied for it, thinking, Well, I'll do that. And then I realized, I don't think I really want to do that. And that all helped me sort that out.

And it was just shortly after that that I went to Eagle Mountain because I remember it was in '64.

IV WORKING FOR KAISER STEEL AT EAGLE MOUNTAIN, 1964 TO 1970

A Difficult Mine in a Remote Location

Swent: How did that come about? How did you make that contact?

Conger: That contact came through an equipment salesman, who told me that --I knew him because he would come by the mine to see how their equipment was doing and always wanting to sell us new equipment if we were in the market to buy equipment. At that level, the shift boss and mine superintendent level, you see what we call peddlers all the time. You know about that. They take you to dinner and that kind of stuff. So that's how that opportunity came to me, through one of the equipment salesmen.

Through that, then, I contacted Martin Hughes at Eagle Mountain. He was the manager there. He was interested and asked me to come over, so I drove over there for an interview. So we had another meeting. I think I went over a second time and took Phyllis over to see the camp and everything. So as a result of those several meetings, I thought that there was a real opportunity to advance there.

Swent: Did they meet Phyllis?

Conger: I think so.

Swent: That's one of the things I want to talk about at some point, is whether the wife had any effect on--well, obviously, wives have effects. But whether your hiring--whether she was involved. If they looked her over first to decide about you.

Conger: No, it wasn't that. Martin wasn't the kind of person to look over the wife to see if she was going to fit in the camp kind of thing, no. That was not Martin's style at all. That wasn't a factor.

Swent: It was just for Phyllis to see whether--

Conger: Yes. I took her over to see the camp. You may recall earlier, I described how I had underplayed Silver Bell as a camp, and it turned out to be a jewel of a camp, and so this next camp was not quite the same, and so I wanted her to see that. "Do you think you could live here?" But not to meet Martin or his wife. [chuckles] She may have met Martin, but I don't think she met Martin's wife at that time.

Swent: We had talked in the previous interview that we did in--when was it? 1995?

Conger: Yes.

Swent: You did talk quite a little about Eagle Mountain, but I thought we should expand on that. I'm looking now at the transcript of that earlier interview, and you started out by saying Eagle Mountain was tougher than Silver Bell.

Conger: Yes.

"Not the Top Slice" of Workers and a Combination of Unions

Swent: And you might just expand a bit on how it was tougher.

Conger: Hopefully, this won't be too much of a repeat of that earlier interview, but Eagle Mountain was a difficult mine. It was difficult from a lot of standpoints. One of the difficulties was just the labor force we had there. The mine was located on the southern edge of the Mojave desert, midway between Indio and Blythe, California. So it was very remote. The affiliation with the steel mill, Kaiser's steel mill in Fontana, was--

Swent: That was 164 miles away from Eagle Mountain.

Conger: That's right, 164 miles away. Of course, the mine was there to provide iron ore for the steel mill. So the formulation of the work force out at Eagle Mountain came from San Bernadino, where the steel mill was, so there was a labor contract at the mine with the building trades unions; it was a combination of unions. As near as I could figure out, that all came about because of the steel mill being over there in San Bernadino County. But that meant that all of our employees came from the hiring hall over in San Bernadino, and it was difficult to get people over there to come out to the desert. And so the people that they sent out to us were not the top slice of folks. And San Bernadino and Fontana, the steel mill town, wasn't exactly uptown, either. It

was highly industrial, blue-collar people. So we were not getting the top of those people; we were getting people that were having difficulty finding employment elsewhere, many of whom had criminal records. They had been incarcerated for one thing or another. So it was a tough work force compared to our nice little family work force at Silver Bell.

Swent: I suppose at Silver Bell you had people who had been maybe not right there, but in the area at least, for generations.

Conger: Well, it was a new mine when we went there, but what many of these employees were, were old Asarco employees from the Trench Mine down at Patagonia and--oh, the lead-zinc mine over in Silver City, New Mexico. A lot of people transferred to Silver Bell from there, so they were all Asarco employees and all knew each other. And about a third of the work force at least was Hispanic. They had been longtime employees of Asarco. So we were like a family there in Silver Bell.

Swent: Kaiser was a new enterprise.

Conger: Yes, and this collection of people that came out to the mine--

Swent: Now, I've got something here, and I don't know whether this is relevant or not, but you went there in '64--

Conger: Yes.

Swent: --and this article that I have says that in 1959 there was a novel labor settlement and a change in leadership at Kaiser Steel, that they had their first strike--

Conger: That predates me.

Swent: Right, and when they had this controversy, a Long-Range Sharing Plan gave workers a bonus from savings in company operating costs, and then later that fizzled. It was LRSP, the Long-Range Sharing Plan.

Conger: Yes. And that was just at the steel mill. That was not out at Eagle Mountain. So that whole thing is about the steel mill.

Swent: You didn't have--well, this is an article that I dug out about Kaiser activities, and it has something about the mine, but more about the organization of the company. So you didn't have that Long-Range Sharing Plan.

Conger: No, that was at the steel mill. It was represented by the United Steel Workers.

Swent: You did have all these many labor unions.

Conger: Yes, we had that. It was a group of labor unions under this umbrella of building trades, which is common in California here. So we had operating engineers, electricians, laborers, teamsters representing our various functions. Each union represented people; there were all these unions for these different crews in the mine and in the plants.

Swent: What a nightmare.

Conger: Yes, it was a nightmare. Jurisdictional things. I can't do that because that's that union and, you know, all of that.

Swent: And you hadn't had that.

Conger: No, no, we just had the District 50 of the United Mine Workers. It's one unit. As I mentioned, they really were not contentious. We all worked together. We had very little labor unrest there.

So at any rate, that Long-Range Sharing Plan was instituted at the steel mill, and that was sort of a new thing for the steel industry. You know, there was Kaiser in California and then all the rest of the steel mills were in the Midwest, so Kaiser was, like so many things in California, was sort of staking some new ground in this sharing plan. The sharing plan--and I never did understand the exact workings of it because we weren't involved in it at Eagle Mountain; we were not part of it--except that they costed--the iron ore that we sent to the steel mill was part of their sharing plan, so the lower the cost to them for the iron ore, the better the steel mill did.

And it turns out--and I'm sure we are biased being the outside people, but we funded whatever the sharing plan paid, many years because we were producing very low-cost iron ore feed to the steel mill. We would say, Well, they take our cheap ore and they get their bonuses out of our cheap ore--because their added cost, the cost of producing steel from our iron ore, wasn't that efficient; it was just the lower cost of the feed. And I don't know if that's true or not.

So any any rate, there was that plan. Certainly, over time --because the mine was getting so deep, the open pits--our stripping went up, although that's a story, too, that we probably want to talk about.

Swent: Yes, we do.

Conger: That's the long-range plan. It did not affect Eagle Mountain at all, so that's really not a factor in what we did.

The Beneficiation Plant: Upgrading Ore for the Fontana Mill

Swent: At the time that you went there, the pelletizing plant was new.

Conger: The pelletizing plant--I went there in '64 as part of an expansion. The company had been running what we called a beneficiation plant, taking lower grade mine-run iron ore and then upgrading it by gravity into a concentrate. The average grade of the ore in the mine probably was, like, 35 percent, just a little more than the taconite back in the Iron Ore Range [in Minnesota]. Our ores probably averaged between 35 and 45 percent, something like that. We would upgrade that mine-run ore through gravity separation in a beneficiation plant and would stack it in these yards with a mechanical stacker, and then a reclaimer would come along and pick up these piles in a fashion that it blended out the grade of the ore so that we were always providing Fontana with a very consistent iron ore grade for their steel making, for their blast furnace.

And we had unit trains that carried the iron ore from the mine over fifty-one miles of Kaiser's own track, with its own locomotives, down to Ferrum on the Salton Sea.

Swent: Ferrum?

Conger: Ferrum, F-e-r-r-u-m, which is Latin for iron, and joined Southern Pacific's main line there on the Salton Sea, and we'd leave the cars there and then their engines would pick them up and take them over to Fontana and then bring the empties back for us.

So the mine was producing at that time probably about two and a half million tons of coarse and fine iron ore that must have run 60 percent or better iron.

Swent: I have a question here. You made quite a point of the fact that Eagle Mountain had the two kinds of ore. Were these in different beds, one overlying the other?

Conger: No, no.

Swent: Or were they intermingled?

Conger: They were part of the same beds. There were two veins of iron ore that extended over--oh, it must have been five or six miles, almost north-south, and these two veins were separated--and I can't remember--I don't know how many feet now--but maybe a hundred feet or less of separation, of waste rock between these two veins. They were very steeply dipping. They must have dipped at sixty-five or seventy degrees. Very steep, which meant that they were going into the ground rapidly. But because of some favorable erosion, the early stripping ratio was not too bad.

Expansion with a Pelletizing Plant to Treat Magnetite Ore

Conger: But at any rate, in '64, when I went over there, the company had just prior to that entered into an arrangement with the Japanese steel mills to build a pelletizing plant for the purpose of mining this second type of ore that you just asked me about. There are two types of ore, the difference being the early ore that was being mined was oxidized, and it was hematite, Fe_2O_3. There remained a larger tonnage of magnetite, Fe_3O_4, which is unoxidized. And so the expansion revolved around building this pelletizing plant which would then start treating the magnetite ore, which had really not been mined and treated before.

The Japanese provided the money to build the pelletizing plant, and for that they got--they were guaranteed, oh, 80 percent of the pellets or so. I'm guessing now because I don't recall the exact percentage. But the quid pro quo for them was that they got the iron ore pellets from the pelletizing plant for a certain number of years--I think it was a five-year contract--at prices that were predetermined.

This was during the period of time when the Japanese were going all over the world looking for feed for their steel mills. So they were keen to invest in this, get the guaranteed delivery of pellets, two million tons a year, from this pelletizing plant. So they paid for the plant, and they got that guarantee for pellets for their steel mills. And they amortized their investment through the negotiated price of the pellets. That had all been agreed to before I got there.

Eagle Mountain was hiring people to build up because we were going to go--not only increase through this pelletizing process but increase the oxide ore production as well. And we were going to go from two-and-a-half million tons a year to seven million tons a year, a huge expansion. And so the money had all been appropriated for that. I got hired. We hired other people. So

it was quite a buildup of people and equipment--'64, '65, '66. I think it was in '66 that we got up to the seven million tons a year.

Swent: How do you go about doubling a mine? Do you just hire more people? Buy more trucks?

Conger: Buy more trucks, more shovels. You build a plant. We built a plant.

Swent: What do you mean by the plant?

Conger: Well, the pelletizing plant. See, that whole new circuit. We had the beneficiation plant and its storage piles--

Swent: And this was mainly gravity.

Conger: The old plant was gravity. The new plant, given that this was magnetite, Fe_3O_4, we used the Iron Range technology for their taconite, same thing: low-grade magnetitic ore. So we used the same technology, which was magnetic separators. We would crush the ore to its liberation size--and I don't remember what mesh that was, but it was probably less than 200 mesh, through grinding mills, crushing and grinding--and then run this pulp over magnetic drums. These are just drums that had a permanent magnet inside them, and then as the drum rotated through the pulp, the magnetite in the pulp stuck to the drum, and the drum just kept coming out of the pulp, and then would just drop the magnitite over a lip. The waste rock was nonmagnetic, so it stayed in the pulp, and it went out the bottom of the cell. So it was like flotation, only--

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Conger: It was like flotation only instead of a froth coming off the top in a sulfide mill, the magnetite was drawn up out of the pulp on this rotating drum because of the magnet inside it. And the reason they call these pelletizing plants, you wind up with this concentrate of iron ore, Fe_3O_4, but it's fine, and when you put a charge into a blast furnace, you're blowing oxygen and air up through the furnace from bottom to top to generate this heat, and if you put fines in the top of the furnace, it will all blow out, so you need to agglomerate the concentrate so that it won't blow out the top.

That's where pelletizing comes in. So that process takes this concentrate and adds some bentonite to it, puts it in these huge drums that just roll over slowly, like a cement kiln, only no heat or anything, and since it's wet and now you've added bentonite to it, this continual rolling--and the balling drum was

on an incline--would cause this material, this concentrate, to agglomerate, to form balls. And then they would fall off the end, and so then we would take these moist balls and run them through an indurator, which is just a furnace, and with gas, just make sufficient heat to ignite these Fe_3O_4 pellets and cause them to oxidize.

What it does, it sinters them, hardens them into these hard pellets so that they can be transported without going back to dust again, and then dumped in the top of a blast furnace and not blow out the stack.

Swent: How big are those pellets?

Conger: They're about that big [demonstrating].

Swent: Like a marble.

Conger: Yes, like a marble. That's a good size. Like a marble, yes.

Swent: Well, marbles come in different sizes.

Conger: No, the marble that you're thinking of, that size marble, not shooters, but regular marbles.

Working as Foreman on the First Wave of Expansion

Swent: Okay. So when you were hired, the plant had already been built and was operating?

Conger: No, none of that had happened. When I came in it was sort of the first wave of this expansion. Of course, there were people there already. And so I could see--boy, there are going to be a lot of things happening here. And where I was, talked to the top ASARCO people in Tucson, and there wasn't a lot happening there, and they were very honest and frank about it. But in this place there was a lot happening, and so I thought that could be a place to be.

And it turns out it was. It was the best thing that could have happened to me, for my own particular circumstance.

Swent: What was the first job that you were hired for?

Conger: I went as a foreman. I'd been shift boss over at Silver Bell. Now I'm a foreman, but just on day shift, so that was a promotion in itself. We didn't have shift bosses there. Because we had

these unions, we had lead men who were hourly employees, union members, that were the shift bosses. We had one for the trucks, one for the shovels, one for the dozers, one for the laborers, one for the electricians. So we worked through them, and they were like shift bosses. Those people worked shift work.

Swent: Did you work three shifts?

Conger: Yes, we did. Yes, yes.

Swent: That was one thing I was wondering. If you're expanding, do you go from one or two shifts to three?

Conger: I think there were already three when I got there. They were already working three shifts. We hadn't received any of the new equipment; it was just on order and starting to come in, the trucks--because we had to do stripping to get these new reserves opened up, so we had to start more stripping to get that all going. So equipment was coming in. But I think they were already on three shifts. And we continued to work three.

Swent: Were you the only foreman?

Conger: No, no. There was me on day shift; there was a guy on afternoons; one on midnights.

Swent: You were the only day shift?

Conger: I was the only day shift foreman, yes.

Swent: So you were in charge of all the mine.

Conger: All the mine, as a foreman. There was a mine superintendent that I worked for.

Swent: He was in charge of all the foremen.

Conger: He was in charge of all the foremen, yes.

Swent: That was a big jump in responsibility.

Promotion to Mine Superintendent in a Few Months

Conger: It was a big jump. I could sense that the mine superintendent might be leaving. We had pretty high turnover there, even with supervisory people as well as hourly people.

Swent: Why was that?

Conger: It was a difficult place to live. It was summertime, nine months out of the year and was very hot. And the camp was--you know, we would get a lot of dust around camp, even though we tried very hard to keep the dust down, because it was so hot and dry there. It was hard to keep dust down. And it was remote. It was a long ways from town. And so it was hard to keep people.

But in any case, the mine superintendent--I--

Swent: What was his name?

Conger: His name was Phil Urso. When I met him on my couple of visits over there, I could just sense that he wasn't too happy there, and so I thought there's another reason to come over because there might be that opening, and that would be great if that could work out. And sure enough, within nine months or ten months when I got there, he did leave, and I became mine superintendent.

Swent: There were other foremen who were in line for the job also?

Conger: Not really. The other two guys were not engineers. They were not graduates. They were practical guys that had been foreman. One guy had been there for a hundred years, so he was not in line for that, nor did he want it. And the other two guys didn't want it or think they were even in line for it.

Swent: That was your training--

Conger: Yes, I think so. And I was sort of hired with that in mind--you know, as I look back on it--because of the circumstances. He left within nine or ten months. Didn't leave the company. He was seconded to the Hammersley iron ore project over in western Australia, which is one of the first if not the first iron ore projects to be started there, in the Pilbar, to send iron ore to Japan. Because of Phil's experience at Eagle Mountain, he was an ideal guy to go over and help them start up that mine in western Australia. And he was sort of looking to get out of Eagle Mountain anyhow, so this was a good opportunity for him. So in a sense, I really provided him that opportunity by coming and being one that they thought could replace him.

Swent: So he didn't look at you as a threat.

Conger: No, no, we were good friends.

Swent: That helps.

Conger: Yes, yes. No, no, there was no competitive situation there, because he did want to leave. And with somebody to replace him that they were happy with, he was able to leave and not lose his job. He got another job equally as interesting to him as what he had. So that worked out.

Swent: Did he do anything active in training you?

Conger: Well, he taught me how they ran things there because it was a lot different than Silver Bell.

Working Fourteen-Hour Days to Train for the Promotion

Swent: How did he go about that?

Conger: Well, he every day would write--I would be out there at four thirty in the morning, and so he would have left written instructions the night before on what he wanted today, and I usually would stop by the office on the way home at five or six at night to chat with him.

Swent: What sort of instructions were these? Give us a little detail.

Conger: Just the kinds of things you do every day when you turn the shift over to the next people: where everything is--

Swent: Like?

Conger: Well, you have to say where you're getting the ore from, when they want you to get ore from somewhere else, what the stripping is for the day, which shovels are you going to work, how many trucks do you have. Usually that was the biggest problem. You had trucks that were in the shop or down; then you didn't have enough trucks to cover your shovels, so what shovels are you going to run and when is the truck count going to come up, what's the shop telling us, the availability of the trucks.

And the same thing with the shovels and the drills. You had breakdowns or major repair work going on, and the status of that, when you might be able to put that back into production again, and so forth. If the mill grades that--we've sent samples into the labs for the shot that was just put off yesterday; as soon as we get the assays back, we'll decide whether to move over there and get the grade up because we've only got five days in the month to get our quota, so we need to move over there if those grades are high enough; otherwise, just stay where you are.

Those kinds of things. The various parts of the operation that are going to be different than they were when you came on.

Swent: Did you turn in--what sort of information did you give to him?

Conger: You would fill out a sheet for the day on where everything worked and what the status of it was at the end of the shift, and then the other big thing that you did--because they had time cards in those days--I used to take home with me at night and sit at the kitchen table and do about 500 time cards or something like that for all these guys out in the mine. So you had to do all of that every day.

Swent: You did that manually?

Conger: Yes, everything manually, yes. Just to check that people were where *you* had them and the hours are right.

Swent: You did that at home?

Conger: Yes. See, I had been at work for probably twelve, thirteen or fourteen hours already, so those things you could do anywhere, so I would take them home. So those are long days. But this only lasted about ten months or so. And then I moved up to the mine superintendent's job.

Swent: Did you expect your successor to work that kind of hours?

Conger: Sure, yes, yes, we all did that. And the guys on the other shifts did, too.

Checking Time Cards at the Kitchen Table

Swent: For the benefit of people down the road who won't know what a time card is, we should--you know, the computers and all that--

Conger: You have to wonder today--and I'm sorry I'm so out of touch--but you've still got to get information into these new systems somehow, and there has to be some transfer of paper somewhere along the way to get into the system. We used to have the clocks. When the guy would come out, he would go like that [gesturing] they would punch it. So that's how you got the time on there.

And then what they would want the guy to do was say, "I worked four hours over here and two hours over here"--because they had different account numbers--and sometimes different pay rates--

so that was important that you had that breakdown. But the time clock gave the interval, when they time-clocked in and when they clocked out.

Today they must have some way to make that initial step, but I think it's still going to be on paper or something to get from the employee to the person that checks it and says, "Yeah, that's right." But I don't know. Our own mines do it now, and [chuckles] I'm ashamed to say I don't know how they do it.

Swent: So what were you doing at the kitchen table with these cards? You had a stack of 500 cards.

Conger: Yes. Actually, I think it was more like 300 cards.

Swent: It's still an awful lot.

Conger: It was a lot of cards. And I would just go through them one by one. I knew where these people were supposed to be working. The shift bosses--we had a lead man for the truck drivers, we had a lead man for--. They would all look at their cards and give them to me, and they would make a note on them or something if there was something that I should know about. And if there was no note on there, I would just sign the card and put it over. I didn't know each guy, what he was doing. These lead men did, and they would advise me on the card that this shouldn't be this; it should be this--or whatever.

Swent: Were you tabulating the cards?

Conger: No, no, just signed them.

Swent: Signed them?

Conger: Yes. Well, I would look at them to see that it was--from the lead man, that everything was okay, and then I would just sign it, yes. So it would take maybe a half an hour or so.

Swent: I see. You were trusting your lead men.

Conger: Oh, yes. Which you have to. There's no way I could have been everywhere to know all of that, yes.

Increasing Work Units and Racing to Get Ore

Swent: I'm still trying to get back to how you expand a mine.

Conger: Okay. It's just in increments of equipment, really, in a mine. Same way in the plant: we built another plant. You know, it's really very basic. You had these work units in the mine. A work unit would be one or two rotary drills that drilled the holes for explosives, an electric shovel--and in those days we were using all electric shovels--and a fleet of trucks, a dozer for the dump, a rubber-tire dozer, usually, around the shovel to keep the rocks away so that the tires didn't get cut with the rocks; a water truck, and a bull gang to go around to help these shovels, with their long electric cables, extension cables, move around the pit. So that was sort of a work unit.

And so you would just replicate those units as you expanded, and each one would put out its daily production. And so it really was a systematic buildup. There was no real magic--

Swent: The ore was orderly enough that you could--

Conger: Well, it was if you stripped properly. By stripping, you're taking the waste rock over the top, off the top of the ore. And, as I mentioned, these two veins were dipping quite steeply. But also there was a canyon that ran sort of on the dip-slope side of these two dipping veins that early on was a great advantage to stripping, but as the ore got deeper, we had to continue to go up on the east side of the hill, and it was very precipitous there, very hard quartzite rock, and bring another slice down to open up the next pit of ore at the bottom. And so, you know, that hill, in the last three or four years, you would get a nosebleed, that hill was so high above the pit. And you would have to bring that slice all the way down.

Because these were narrow veins, and unlike a disseminated copper deposit, where you have more uniform ore deposition, you were hungry for ore almost all the time. You were just racing to get that next cut down to the ore before you mined out the last ore at the bottom, and it was always a race to get that done.

But to the point about the expansion, you just expand in increments of work units. And the other thing that we did was buy larger shovels so that each shovel was more productive for the same number of employees, and larger trucks so that they were more productive for the same number of employees. So we did that, and that was really--one of the hallmarks of Eagle Mountain is the equipment that we prototyped there.

Developing Prototypes of Larger Equipment; Training Operators

Swent: You were working with the manufacturers?

Conger: For larger and larger pieces of equipment, which [chuckles] are small shovels now, but in those days they were 12-yard shovels, and they were the biggest that you could buy, for the expansion. They were Bucyrus-Erie shovels. We had 40-R rotary drills, which were Bucyrus-Erie, and those were the largest that were being made then.

And then trucks. Eagle Mountain really led the industry in helping develop trucks, larger trucks. Because there was no other technology at the time, they bought the first 65-ton trucks (which were three-axle tractors and trailers). They were very difficult trucks to operate in backing up because there's a trailer on it instead of just a two-axle truck. That was very difficult, to train people to be good at backing the trucks up next to the shovel so that they're very close to the shovel, one on each side of the shovel, one just backing in as the other one's pulling out (ideally), and so the shovel just swings around and he starts loading the next one. And before he's got down the road, another one's backing in here. That's a foreman's dream, to have that kind of movement.

But there was difficulty in training people to back in with these trailers because it's not like backing up to a loading ramp that's square. You're backing up beside a shovel that's rotating and up against a muck pile, a rock pile that's irregular, so there's nothing for the driver to really look at, especially on the offside. When he's on the right-hand side of the shovel as you look at the shovel, that driver can't see the shovel, and with a trailer it's especially difficult because you have that articulation that you have to account for.

Trucks backing into the shovel, trucks backing into different kinds of things--it was difficult. But to these guys' credit, they did learn how to handle those trucks very, very well. Other people would come to our mine and say, "Boy, we like 65-ton trucks, but how are you ever going to train people to operate them?" In fact, up in Canada they didn't even try. They would just have the trucks drive on the offside of the shovel, and the shovel would then swing clear around and load one truck. Instead of swinging about 60 degrees, they would swing 180 to load a truck. Well, it was a lot easier for the truck drivers, but it was sure as hell inefficient for the operation of the equipment.

But at any rate, we were able to train these people, and they really were very good at doing that. So that then enabled us, at this expansion, to go to 100-ton trucks, the first ones in the industry. But again, tractor-trailer--because there wasn't the technology for two-axle trucks. The truck manufacturers didn't think they could build what we call a bobtail truck, a two-axle truck, that would hold that much weight, be that sturdy. So it was again a trailer.

Swent: Were there safety concerns?

Conger: Yes, yes, because any time two pieces of equipment come together, that's an accident. A person could be in between them. So absolutely, absolutely a safety concern.

Swent: Did they ever tip?

Conger: No, no, no, no. They were very stable. Some went over the dumps, some got away and ran downhill, out of control, but no, they were stable. That was not an issue. It's just maneuverability of them, particularly in backing. Going forward they were very straightforward.

Swent: How did you train the drivers?

Conger: We would take new drivers and put them with experienced drivers, and they would ride I think maybe two days with them, and then the third day the driver would let them drive, and would sit right there in the cab with them and point out how to do that. It worked very well.

Swent: How much were these fellows paid? Do you remember?

Conger: Yes, they got good wages. Again, this all came out of the hiring hall in San Bernadino. It was heavily unionized, so they were well paid. I don't recall now, but I know they were making more than the same people over in Silver Bell were making for comparable work. They were well paid, relatively well paid for that kind of work.

Swent: Did you have a lot of turnover with those?

Conger: A lot of turnover.

Swent: Even with the drivers?

Conger: There was a crew of us that stayed for a long time, but within that we had a high turnover rate of people. You know, people would come, they would leave, and that replacement would stay for

a while, and then they would leave. But we had a core of people that stayed right through and were really the backbone of the mine and the plant. But that was an exciting--

Swent: The trucks were not air conditioned in those days?

Conger: Not in those days. But within three years we had to start air conditioning.

Swent: Did you?

Conger: Yes. And that was somewhat successful. A huge air conditioner--nobody made air conditioners for trucks like that, so we had to have somebody make them.

Swent: Oh, you did?

Conger: And then put them on, and then keep them running. But all that dust and the joggling and everything, it was difficult to keep them running. It was very hot there, and if the truck isn't moving while it's being loaded or dumping--you know, just stopped --there is no air movement whatsoever. And of course the truck itself, its own engine generates all kinds of heat. So it was a very, very difficult situation.

Swent: Taking it down in the pit, it must have been--

Conger: Down in the pit it's even worse because there's so little air movement. So it was difficult for the people. And also from the dust standpoint, you had to keep the window open just to have some air. Well, once we got air conditioning on, that made it nicer for the drivers because they could put the windows--in fact, they had the windows up for the air conditioning. So that was a great improvement.

The difficulty was in keeping the air conditioners running. We did it, and it was much better for everybody. And we did the same thing with the shovels: air conditioned them.

Swent: You haven't mentioned shop facilities, but you must have had an extensive shop.

Conger: We had extensive shop facilities, and we had contractors that brought things to us. We would send engines out, and they would bring them back, and then we would put the engine in but not rebuild it.

Swent: You didn't do it at all there?

Conger: No, no, it's too difficult to get people to do good work--well, first of all, you need a very clean environment to do that. And secondly, in the Riverside-San Bernadino-Los Angeles area, you can get all kinds of people to work there on engines, people that are good, good craftsman. But you couldn't get them to move out to the desert. And so virtually all of the major work was sent in. Our people were just changing--you know, taking the old part out and putting the new part in. But still, a huge shop component, especially for the trucks.

Swent: Now, when you were foreman, did you spend time in the office? Did you go down into the pit?

Conger: Yes, yes.

Swent: What was your day like?

Conger: All that, all that.

Swent: And how did you get there?

Conger: I had a pickup, a company pickup.

Swent: Air conditioned?

Conger: Yes. No, no, they weren't, they weren't. In those days, they were all Kaiser jeeps, pickups. We always used to fuss about having to drive Kaiser jeeps. Why do we have to buy these darn things? But anyhow, we had them. So I had a pickup. Not as a foreman, but once I became mine superintendent I had a pickup. You know, I was on twenty-four-hour call.

Swent: And as a foreman how did you get around?

Conger: Oh, I had a pickup at work, but I didn't take it home. And so everybody--all the supervisors, the lead men--we all had pickups to get around the job. We then gave them to the guy that came on shift after us, and we took our own transportation. When I became mine superintendent, I was on twenty-four-hour call. Anytime anything went wrong, I'd be off to the pit, which took five minutes.

Swent: What sorts of things went wrong?

Conger: Oh, accidents mostly; major equipment breakdown, like the crusher or something that really is going to stop everything. We would all show up up there, wringing our hands and seeing if everybody was really paying enough attention to getting this thing fixed. You know, first of all diagnose what it was, then get people

coming from Nordberg or wherever in Wisconsin to get out here right away and tell us what we need to get.

Swent: You had a Nordberg crusher?

Conger: Yes, yes, which was sort of one of the standards in those days.

Some Accidents

Swent: Did you have any bad accidents?

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Swent: I had just asked you about accidents, and you were starting to say that there had been some serious accidents.

Conger: Yes, I think in the six years that I was there we had three fatalities. I specifically remember one in the tire shop.

Swent: Tire shop?

Conger: A tire exploded and killed a person who was working on it. The second one was--we were testing a truck, and the Kenworth truck specialist was riding on this truck. We were testing retarders on the truck. This story goes back further than this, but to explain this fatality, we had a very steep downhill haul for loaded trucks. I guess that's redundant. Downhill haul means that the trucks are loaded. But in any case, a long downhill--quite steep, about 6 or 7 percent--and there was no technology at that time to slow the truck down enough without using its brakes, and of course if you have to use the brakes for too long a period of time, they heat up and then the truck just runs away.

So we had been testing different kinds of oil retarders to slow these trucks down mechanically, without using brakes. The system was to have these oil pumps pumping oil through the drive system such that it slowed the drive system down, the oil passing through these very narrow ports. But that heated the oil up, so then we had to put huge radiators on the front of the trailers, for these tractor-trailer trucks, to cool that oil again, to send it back through the retarding system.

And so we were testing one of those one day, and the truck was loaded, coming down the hill, working fine, and then all of a sudden it just started to race. The retarder failed. And the specialist from Kenworth truck that was doing this work on this

truck for us was on the outside of the truck, right next to the cab but watching gauges, sitting up on the hood of the truck. So this truck ran away.

The driver did a miraculous job in keeping the truck upright and actually bringing it to a halt on a runaway ramp, but in so doing, it threw this truck specialist, who didn't work for Kaiser but worked for Kenworth truck--threw him off the truck, and about eight days later he died of internal injuries.

The third fatality I don't remember, but I'm pretty sure we had three, and I don't remember the other one. But overall we had a good safety record. Safety can always be improved until you're reporting no accidents of any kind. But it was a good safety record, but we did have those fatalities.

A Visit by Henry J. Kaiser

Swent: You mentioned that you had to buy Kaiser jeeps. One of the things I wanted to ask about was the influence of Kaiser and being a part of the Kaiser organization. Did you ever meet Henry?

Conger: I didn't meet Henry personally. He came out--well, no, that isn't true. I did meet him, just after I had gotten there. He came out to the mine, they say for the first and only time. But by this time, mind you, he was "retired" [makes quote marks with his fingers]. Other people were running the company. This was just a couple of years before he died.

Swent: He died in 1967.

Conger: Okay, so it was two or three years before he died, so it was close to the end of his life. My recollection of him coming out was great excitement because Henry was coming to the mine for the first time. And I hadn't been there more than two or three months, I don't think. But we got instructions that he was going to be out at the mine at two o'clock. And Martin Hughes--which is another part of this story that you need; I must talk more about Martin Hughes--but Martin Hughes, the manager, said, "Okay, he's going to be out here at two o'clock. I want every piece of equipment in that mine working so he doesn't see anything sit. I want everything working."

So we were having a little trouble with trucks being broken down right then, which means that we didn't have enough trucks for the shovels. When that happens, usually you shut down a shovel

and you take the trucks you have and put them on other shovels. No sense running a shovel with only one truck; it's sitting all the time. At that time there was a shovel way up on top, in plain view. You drive into the pit, and there it's sitting up there.

Well, that's the one that we would have and did--I did--take the trucks off of because we didn't have enough trucks, and so I brought them down where the trucks would be more productive. Hughes comes out in the pit about ten minutes to two, and he says, "That shovel's not moving." The mine superintendent was with him. So I'm called over. "That shovel is not moving."

"There's no trucks for it. I've got trucks down here, like we always do."

He said, "I want that shovel moving. Put an operator up there, and just have him swing the shovel around."

I said, "What?!"

He says, "Do it!" And we did it. [laughter]

That was an early impression I had of how the Kaiser influence influenced--to do irrational things like that.

Swent: Just so it was moving. [laughs]

Conger: Henry didn't get to where he got by being dumb enough to look up there and think, "Oh, boy, that's moving." There were no trucks moving around it, so he could figure that out quickly enough. Anyhow, that was the only time he came out to the mine. I think we all got a chance to say hello to him while he was out there.

But the only real influence we saw about the Kaiser family was of course our tie-in with the steel mill. We fed them their feed stock. The quality of the ore we sent them--there was always a lot of fuss about too low grade and too much phosphorous and too much sulfur, whatever--those things. And then we had to buy Kaiser jeeps, and we had to use Kaiser Engineers as an engineering firm.

You know, all of these things made sense to me, but it just used to burn Martin Hughes up, that he was having to use all of these things that were the company's--you know, the other Kaiser company's products--and he didn't have the freedom of choice to pick what he wanted, what he thought was better, especially Kaiser Engineers. They designed the new pelletizing plant they were putting in, and the stacking piles and all of that, reclaimers--all of those things they were designing for us, and Martin was

always mad at them: "They're not doing the right thing," and "This isn't the way you ought to do it." He was going back to Oakland or up to Oakland or over to Fontana to do battle with them. He was a very, very--

Manager Martin Hughes: "Rule by Terror"

Swent: He was the manager.

Conger: He was the manager. Had been for a long time. He must have been there seven or eight years before I got there, maybe nine years--perhaps as early as 1953. He really brought it up to that point, up to two million tons a year. He did a great job, but he ruled by terror. We all just--you know, "What's Martin going to get after us about now?" Because anything that didn't go just the way Martin thought it should--and a lot of things didn't--and a lot of things didn't go the way we thought they should, either, but they were happening for whatever reason. Martin would go into a tirade. He was a very difficult guy to work for.

But those of us that stayed got to know him and actually love the guy, but he was a difficult, difficult guy to work for. If you made a judgment that he didn't agree with, you know, he was very, very unpleasant about it. To my knowledge, he never fired anybody, and he did provide us all with great opportunities. And I owe him the opportunities to do what I got to do there, and I'll always appreciate it. That was really one of the turning points in my life to go to Eagle Mountain and work for this guy and take that "abuse," quote, unquote [makes quote marks with fingers]. But always got a chance to do more, do more things and more interesting ones.

So it just got to be something that you accepted. After it was all over, he would forget it, and you would go on. But at the time, he would get excited and say, "What in the world is wrong with you? How could you be so dumb?" as to do this or let this happen or whatever. That was one reason that some people didn't stay. You know, they just couldn't or didn't want to take that.

Swent: Couldn't enjoy it.

Conger: Yes, couldn't enjoy it. It was tough to enjoy because, you know, you were on twenty-four-hour call, and whenever anything went wrong, we were all up at the mine or at the plant or the railroad. Wherever something went wrong, we would all show up there. Two in

the morning or whenever it was. Which was all right. We should have been there. That was all right.

So he was one of the unique things of Eagle Mountain.

The other unique thing was what he caused to happen. He had his boss, Bob Heers, who was the vice president of Kaiser Steel in charge of mining. Bob was not only in charge of Eagle Mountain but also the coal mines in Sunnyside, Utah. Bob was in charge of the two coal mines, one in Sunnyside, Utah, and one in Raton, New Mexico. And they provided coking coal for the steel mill. So Bob provided all of the feed stock--well, not quite all of it. Limestone came from Kaiser's limestone quarries over in the upper desert. But Bob was in charge of the iron ore and coal.

Bob was really a visionary, and he encouraged Martin Hughes, the manager, to get bigger and bigger trucks, bigger shovels, bigger drills. He encouraged all of that because he wanted to get costs down and be more efficient. And Martin carried that out. What that provided us with was a lot of folks used to come to Eagle Mountain. Other company executives, equipment manufacturers, a lot of people would come to Eagle Mountain to see our stuff and see what we were doing. That gave me a chance to meet a lot of people that I otherwise--I never would have met them in Silver Bell. To meet other people and learn about them and them learn about what we were doing there with the equipment.

Pioneering Work on Explosives

Conger: Not only the trucks did we do a lot of pioneering work on, but we also did pioneering work on explosives and really were early developers of these metallized slurries that are common in industry now but were just being tried then. Also making these slurries into gels, to gel. After the slurry had been pumped into the hole, instead of just ANFO with fuel oil, like is very commonly used, we would slurry it and pump the slurry in the hole, and then there would be guar gum in the mixture that would set up like a gel or a gelatin in the hole. So we did a lot of early work on that.

The quartzite rock we had was very, very hard to break, and so we needed a lot of energy in the drill holes, and we couldn't get enough energy with just ammonium nitrate/fuel oil. And dynamite was too expensive and hard to use in an open-pit environment because of the danger of using it. So a lot of early work was done at Eagle Mountain on slurries and adding aluminum

and other metals to the slurry for added-energy oxidants, to give extra energy. These are oxidants that add energy per pound of material, give it more force.

Swent: What companies were you working with?

Conger: Well, we initially started out with a company out of Salt Lake called IRECO, which is an acronym for I don't know what. There were two brothers, the Cook brothers. One was a Ph.D. at probably University of Utah, but then they started this company, making these gels. They were chemists, or the one was. So we started out with them. And this was even just as I was getting there. Just before I got there, they started out with them. And did much of the early work, the Cook brothers, there at Eagle Mountain, much of the early work on perfecting these gelatin slurries.

Later on, the Cook brothers got sort of sidetracked, and we got a very attractive bid from Hercules to provide the same services to us, the old Hercules Powder Company. So we did a long-term contract with them as a second group to provide us these gelatin slurries.

The other thing that we worked on and I think advanced the science were these delays that we used in blasting, so that we are creating new free faces to blast the rock to improve fragmentation. We were trying to get around systems that when you put the delays in them, on the bench before the cord goes down in the hole, and the delays would get cut off by the ground movement, and so you would have parts of the shots that wouldn't go, and then you had loaded holes that would have to be handled very carefully.

So we worked on perfecting delays that could go down the hole, yet not be detonators, which if struck--if they fail to fire and then you strike them in digging the rock, they would explode. So we did a lot of work on that with Ensign Bickford there at the mine, especially with a particular guy there. He and I did quite a bit of work on that together, my part of it being providing some ideas and providing the drill holes and so forth where we would test these down-hole delays.

Swent: What was his name?

Conger: His name was Darrel Brown. He and I are still in touch. We see each other. He's retired now, too. But anyhow, we did work on those at Eagle Mountain, the delays that are down in the hole, where there's more protection for them from ground disturbance so that they will go off in the right sequence, but yet safe, so that they won't detonate when you're mining, if they fail to go off.

That was always a concern of putting the delays down the hole prior to that, is that delays were detonators, like caps, and so we worked on a different way to delay. So that was another thing.

Attempting to Develop a Hydraulic Shovel

Conger: And then the other thing that we tried out early on that has become a standard in the industry but very unsuccessful for us was we took one of the smaller shovels, Bucyrus-Erie 150-B that I think had a 7-yard bucket on it, as I recall, and took the front end off. Took the boom off and the sticks and put a hydraulic boom on it. And it was a forerunner of these Komatsus and all of these hydraulic shovels that are being used today in the industry. Bucyrus-Erie brought the idea to us, and we agreed to take one of our shovels and let them take the front end off of it and hook up a new front end, which was much like the hydraulic shovels you see today.

It was not successful. We had a hell of a time keeping it working. First of all, when you take one piece of equipment and try to do something else with it, right away you've got a real challenge.

Swent: What did the hydraulic part replace?

Conger: The original shovel was all cable and gear driven. A shovel has a big boom that comes off of the body, and then you have sticks that work off of the boom, and these sticks swing this way [demonstrates], and the bucket's down here.

Swent: Of course, we're tape recording, so--

Conger: Oh, that's right. We're not seeing. In any case--

Swent: It's clear enough.

Conger: It's cable activated, conventionally, the electric shovels, the Bucyrus shovels, and it was replaced with a hydraulic action, where pistons pushed the bucket into the muck pile--pistons being driven by oil. And so there was great difficulty in keeping the plumbing working on the shovel. We blew tons of hoses trying to keep the fluid passing to the pistons from the pumps. That was one of the problems.

Then the other problem was that because it was a shovel that was being modified for this hydraulic bucket on the front, it

didn't have its weight distributed properly so that the bucket being forced into the muck pile would rock the shovel back so that the operator had trouble getting purchase on the next bite of rock. Of course, subsequent iterations of hydraulic shovels dealt with this, but initially that was a great source of frustration to our operators, who were having trouble getting the bucket full.

So, where on paper this shovel should have produced a third more an hour than it was, it produced about a third less than it was. So after fooling around with that for five or six months, we called up Bucyrus and said, "Give us our shovel back. We need it." But again, we had everybody and their brother coming out to see this shovel. So again an opportunity to meet a lot of manufacturers and other people in the business.

Those are some of the really unique things about Eagle Mountain. We were doing a lot of new things that caused a lot of folks to come. It was just a great opportunity to meet people.

Swent: An exciting time.

Conger: Very exciting, very exciting.

Swent: Did you use Kaiser health plan?

Conger: No, no.

Swent: Didn't have that?

Conger: No, no. Of course, we were way out in the sticks. No. We senior guys at the mine got physicals every year at the steel mill. They had a large medical facility.

Swent: In Fontana.

Conger: In Fontana. So we would go in annually for our physicals. But we just had regular health insurance, not the Kaiser Permanente health plan. Only because it wasn't available to us. We were 164 miles, as you said it was, to the nearest one.

Swent: Did you have a doctor out at the--

Conger: Yes, we had a resident doctor, a very good doctor. So that was good. We had our own school district.

Swent: And I do want to talk about the school board. But let's do the health first.

Conger: Okay.

Swent: And I think you had talked about that some in your previous interview.

Conger: I think so, yes.

Swent: There are a couple of things I did want to add as well as the school board. Did the 1972 strike affect you? There was a forty-four-day strike at Fontana.

Conger: It would have had to affect us because they weren't taking--what year was that?

Swent: I think it was '72.

Conger: Oh, I was gone.

Swent: Oh, that's right. You left in '70, so that strike was--

Conger: I left in '70. And in '72 I'm still in Canada. Let me think about that. A forty-four-day strike? Interesting. I'm surprised they were even running in '72.

Swent: Let me check. [Reads]: "A bitter forty-four day strike in 1972 in Fontana."

Conger: Okay. That was just about the demise of Fontana.

Swent: Well, yes, that was one of the things that hastened the demise, I guess.

Conger: Yes, yes. Yes, because it was just a year or two later that I think they shut down, and that was that. But it would have had to affect Eagle Mountain because they shipped iron ore there. And in '72 I think they were still shipping to Japan, so that would continue.

Swent: But that was after you--

Conger: Yes, I had left. A guy name Kay Olson became manager after I left.

Swent: Well, let's see. We actually haven't gotten you as manager yet. You were foreman and then superintendent there.

Conger: I was superintendent within ten months or so, and then a year or so as mine superintendent, and then general mine superintendent.

General Mine Superintendent; Developing an Underground Mine Between Two Pits

Swent: What's the difference between mine superintendent and and general superintendent?

Conger: Good question. At that point we were looking at going underground at Eagle Mountain, and so, as part of that plan, Martin promoted me to general mine superintendent and put me in charge of investigating the practicality of underground mining, in addition to being in charge of the open pit operation.

Swent: That's when you went to Sweden?

Conger: That's when I went to Sweden, to see what the Swedes were doing underground because they were sort of the large iron ore underground miners at the time, at Kiruna and Malmberget. So I went over to see how they did it and see how we might apply that to our circumstance at Eagle Mountain. And following that--again, Bob Heers, who was the vice president up in Oakland, a visionary, all for it--"If you think you can get those costs down, pursue it."

So he gave us the money to take a very favorable section of the two iron ore veins that were between the two major open pits that were developed, and we drove two tunnels about, oh, 800 feet, almost 1000 feet in to intercept these two steeply dipping iron ore veins. Then the plan was to develop some stopes and see what kind of costs we might be able to achieve in mining underground, because much of the mineral that we had just wasn't economic to mine open-pit because the stripping ratio was just so great for the value of the rock that you were recovering. You couldn't mine it. So there was a lot of iron ore there if you could mine it from underground at less cost.

At any rate, I was made general mine superintendent to take that responsibility, too. That was probably about '66. And so I guess I must have been general mine superintendent for a year or so and then became assistant manager.

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Swent: What's the difference between mine superintendent and general mine superintendent?

Conger: Not only was I responsible for the open-pit mining, but also this underground project, so it just expanded it by that.

Swent: You had a mine superintendent working under your direction.

Conger: Yes, actually two mine superintendants. Loren Hunter who was running the open pit mine, and Virgil Bileu running the experimental underground operation.

Swent: You had two pits?

Conger: There were two pits. And that's one thing I didn't mention.

Swent: No, we hadn't brought that up.

Conger: Before the expansion, there was one pit very near the beneficiation plant and the mine office and the shops and everything. It was on the south end of the mineral deposit. The mineral deposit ran up over this ridge. Ran up over a very steep ridge. The elevation difference must have been five hundred--must have been maybe even a thousand feet. I just don't recall now. But it was somewhere between five hundred and a thousand feet, vertical elevation from the plant site to the top of this ridge.

On the other side of that ridge was a very exposed outcrop of these veins, and it was unoxidized. It was the magnetite ore. So as part of the expansion, we wanted to develop that very shallow deposit of this magnetite ore, but it was over this very precipitous ridge. And so we had to build a road to go from the plant site up over the ridge and down to the other deposit. That was quite an undertaking.

We first had to pioneer a road up this very steep canyon that went up to the ridge and build it in such a way that we could take a shovel, a 5-yard shovel, and trucks and a drill up that roadway and over the ridge and then on the ridge use the shovel and the trucks and the drill to cut the ridge down, take the rock from the cut and build a wide road back down that canyon, covering up the road that we built to get up there.

So once we got the shovel and the trucks and the drill up there, then we started covering up the road, so the only way to get the crews and the fuel oil and everything to the equipment was a wind-y, wind-y road that took about an hour--forty-five minutes, anyhow--to get to the equipment, and then back down again at the end of each shift.

One of our concerns was, of course, that what if somebody got hurt up there? You sort of had him landlocked because it was a good forty-five-minute ride back out of there on a very wind-y,

bumpy road. So we decided that there was no better place than right here to prove the axiom that "accidents don't happen; they're caused." So for about four months, we had that situation where you couldn't get in and out of there except through that very difficult road. We did not have one accident.

Swent: Really!

Conger: Zero. Of any kind. Not one. And it just proves that if people really focus on something, they can do whatever they think they can do. And we did that. So that was just wonderful. But anyhow, it was like sweating bricks--pouring that roadway down across from the pit then, on the south side; we hauled waste up from the existing pit so that we were pouring this road from top and bottom, but it took us about four months to get this haul road completed.

Swent: You say you were pouring it.

Conger: Well, dumping waste rock into the canyon to make a road bed.

Swent: Okay.

Conger: Pouring waste rock--

Swent: You weren't blacktopping it.

Conger: No, no. Just dumped rock into this huge void in this canyon, filling it up to a 6-percent gradient from the new cut they were doing at the top to tie into the plant site. So that was a long four months, getting that completed.

Swent: A big engineering job.

Conger: Yes, it was a big engineering job and a big construction job. That all went extremely well. So that opened up the area to the north for the other pit, which had the ore that was going to feed the new plant, so we had to get all of this ready in time for the plant's completion.

Swent: So then you went over to Sweden to check out underground.

Conger: Yes. Later we were looking at that and did that work.

Swent: This underground mine was accessed from inside the pit?

Conger: No, no. It was accessing those two veins midway between the two pits, in virgin territory.

Swent: But not going in from--

Conger: Not going in from the pit because pits were still active, and so there was no place to drive in underground. That's why we had to drive such long adits to get in to intersecting the two veins. As I say, it was somewhere between five hundred and a thousand feet that we drove in. The plan was to set up a series of raises then that would allow us to go vertically above the access adit and mine iron ore and drop it down into trucks to haul the ore out to the surface.

Let's see. I went through several people to do that for us. We had a tough time getting started, and I picked the wrong--well, I shouldn't say the wrong guy. It's a guy that you know, Paul Matthews. Remember Paul?

Swent: I do.

Conger: Paul--I guess it was after he left Grants.

Swent: It must have been after he left Grants.

Conger: Yes, he left Grants, and I forget--

Swent: I think he worked for Ranchers in Albuquerque.

Conger: Yes. I sort of forget how Paul and I got together. But anyhow, I hired Paul to do this, and we had a hell of a time getting the portals in, just had an awful time. And we were doing it on a shoestring, just a very few people. Paul was out there, grunting and lugging stuff and working like a miner. It was just very frustrating. One day I went up there, and he said--we have to talk, so we walked into his office. He said, "I've got to quit."

I said, "Why?"

And he said, "It's too tough." He said, "What you're trying to do, you need more to do it with than what you've got." So he said, "I just don't want to do this."

I said, "Okay, I understand. And you know more about it than I do"--because he was an underground miner and I wasn't.

So anyhow, he left, and lo and behold, we hired Virgil Bileu. Remember Virg? Did you know him?

Swent: No, I don't think so.

Conger: He was Charlie Steen's mine superintendent at the Mi Vida. Paul [Henshaw] and Don Delicate, Dick [Stoehr]--they all knew Virg because, you know, they all worked over there in the Four Corners area, [the Colorado] Plateau. So they all knew Virg. Of course, I didn't know any of you people then, but I had heard about Virg and what he was doing. In fact, I think Bob Heers heard about him, read a paper that either he or Charlie Steen had written about this little lead/silver property that they were running over in Pioche. So Virg was living over in Pioche.

So anyhow, Heers called me up and said, "You know, they're running this little plant over at Pioche, and there are about four or five guys, and they're mining 400,000 tons a year or something like that." He always had big numbers. But he said, "Why don't you go over and take a look at what they're doing?" Because he knew I was looking for somebody to help us with this project.

So I said, "Okay." And so I hopped in the car and drove over to Pioche and met Virg and Ann. We just hit it off right away. They were just the best people in the world. Anyhow, so Virg and I went out to the mine the next day and spent the day at the mine. Then I had dinner with them that night at home. I said, "You know, Virg, I've got a real problem." I said, "You know, this mine of yours--you guys are getting along, but you're not getting along very well. Are you thinking of shutting it down?"

He said, "Yes, as a matter of fact, we are."

I said, "Well, how would you like to come to work for us?" I told him what we were doing.

He said, "Sure." And Ann was delighted because they were living in Pioche--you've been in Pioche.

Swent: No, I haven't, but I know about it.

Conger: Well, you've got to really watch or you can be through it before you--but anyhow, it was neat because their girls were just about in high school, and little Mike was in grade school--maybe he wasn't even in grade school yet. Anyhow, Pioche is not really much of a town to live in. So the girls, the high school girls were tickled with that. Ann was too, I think. And Virg liked it.

So anyhow, Virg came and took over the project for us and just got it humming. We really started to make tracks then. By this time--I must have been assistant manager by that time because when I went to Canada, I had been manager at Eagle Mountain for about a year. Finally made manager. Martin Hughes went up to

Oakland, and so I became manager. Then the things in Canada started to happen, and within a year I went up to Canada. And the reason that the Virg Bileu thing reminds me of that is that we hadn't gotten the two adits driven to the final position yet. Hadn't intersected the iron ore veins. When I went up to Canada, they were still driving those.

So I went up to Canada in the spring of '70 to look at what was happening. Things weren't going well up there. They were supposed to be starting up and producing coal, and the plant wasn't running, so they asked me to go up and take a look at it, which I did. While I was up there, our Fontana doctor called me and said, "Gosh, I've got bad news for you."

I said, "What's that?"

He said, "Well, Virgil Bileu was in for his physical, and we X-rayed him and he's got a spot on his lungs."

Well, Virg was a heavy smoker. I said, "Oh, boy. That's bad." It was just shortly after that that--I came back, of course, after that trip and talked with the doctors and talked with Virg, and so fortunately, he had medical coverage with us, but he had none before coming to Kaiser. And so he was able to have his lung removed and all of that, get disability pay--because he couldn't work any more. He and Ann moved up to Henderson, just out of Las Vegas, and bought a motel. So they lived there for some time before he finally died of lung cancer.

Virg's death was a great loss to all of us.

Swent: Did you ever smoke?

Conger: Yes, yes, I smoked for about ten years when I was maybe thirty or something like that, twenty-eight to thirty-eight or something like that.

Swent: You didn't start till the twenties?

Conger: Yes. I don't know why I did, but then didn't know why I started, so I quit. And Phyllis never did, so it was easy for me to quit.

Swent: But when you were with Kaiser you were smoking?

Conger: Well, I quit smoking cigarettes and I--in fact, I quit smoking, I think. But anyhow, all the guys at Kaiser were smoking cigars, so I started smoking cigars.

Swent: Oh, good heavens! [chuckles]

Conger: So anyhow, I quit that, too. It was, like, a year or two.

Swent: I thought you had never smoked when I've known you.

Conger: Oh, no. No, I quit years ago, a long time ago. And I don't miss it a bit. Never did miss it. I just quit and that was the end of that. But anyhow, that was sort of an interesting sideline about Virgil. Maybe we'll get to it later on when I had my interviews with Paul Henshaw at the Homestake. But Virgil was a good friend of Paul's and Dick's and Don Delicate's. They all knew each other very well.

And so one of the people that Paul called for background on me--or had Dick call--which would be another way to get more information--was Virgil. But Virgil probably had died by this time. But anyhow, called Ann and asked, "You used to live at Eagle Mountain. Did you know this guy Conger" kind of thing. So anyhow, that was one insight the guys got on me before they ever knew who I was. It was that connection, yes.

So anyhow, that's sort of really probably the story at Eagle Mountain.

Serving on the Eagle Mountain School Board

Swent: The school board.

Conger: Oh, the school board.

Swent: We need to talk about that.

Conger: Yes.

Swent: There was a lot of rancor, I understand, but I don't know why.

Conger: Well, you might have some insight into what was happening to us down there at Desert Center because, as you know, California has led the country in so many things, one of which was progressive education, and finding a better way to teach kids how to learn. By that time, I think it was the open-room theory, where you could all sit in a room and sort of do what you do--

Swent: No more rows of desks.

Conger: Yes, no more rows of desks; no more reading, writing and arithmetic. Well, that was sort of the period--

Swent: New Math.

Conger: And New Math, exactly. New Math was probably a key thing. So we had a school superintendent who--

Swent: Now, how old were your children?

Conger: Let's see. My boys--

Swent: Were they both in school?

Conger: Yes, they were both in school. Red was born in '55 and this was, like, '65, '66. So he was--yes, and Pres was two years behind him, I think.

Swent: So they were in elementary school.

Conger: Yes, they were in elementary school. So anyhow, there was all this going on, so a lot of we parents were sort of saying, "Well, wait a minute. That really doesn't make sense." So we were sort of getting interested in what the school board was doing. At the same time, there was some union activity. These unions were trying to get the teachers unionized.

Swent: You hired the teachers?

Conger: The school board did.

Swent: But not the company.

Conger: No, no. No, no, no, the school district. And we provided houses to a certain number of the teachers, not all of them but probably maybe half of them because the school district for this board had a high school up at the camp, the town, and then down at Desert Center, twelve miles down into the valley, was the grade school. So that was the school district. But the school board was over both facilities. The company provided some number of houses for teachers that they would rent, but they got housing, preferential.

But at any rate, at the same time there was an effort to try to unionize school teachers, so all of this was sort of going on at the same time and made for some very heated debates--shouting matches and all of that stuff at school board meetings and so forth.

But because all of this was going on, I got interested in--well, actually, one of the guys who was on the school board left, and I got appointed to fill his position, and then I had to stand for election the next year or something like that, which I agreed

to do and did, and won--barely, probably. But a lot of the union people had had their own candidate that they wanted to get on the school board. So it was sort of in the face of that that all that went on.

Martin Hughes, my boss, took a dim view of all of this and wanted to know why in hell are *you* doing this anyhow?

Swent: Oh, he wasn't encouraging.

Conger: No, no. It had nothing to do with getting the mine running and all of that stuff. He wasn't supportive of that. Didn't stop me, but was not supportive of it. And I think perhaps as much a concern as anything was the union aspect of it, and antagonizing our union. From the job standpoint, not from the school standpoint. So at any rate, I won that election. And then I guess it wasn't but maybe eight or nine months later that I became manager, and so I felt that as manager I really shouldn't be sitting on the school board, too. That could be a conflict of interest because we provide houses to teachers and all that kind of stuff. So I resigned from the school board. But I was on the school board for a year and a half maybe, or something like that, through those tumultuous times.

Swent: What were the things that they were quarreling about?

Conger: Well, the teaching system and what kind of format the school should be following. Should it be conventional instruction or some of this progressive stuff? You mentioned New Math, and that certainly was an issue. But I remember the other issue was the open school rooms, where you don't put kids in rows in desks. They just sort of sit around and work on things. So we debated those kinds of things. We always had a huge turnout for the school board meetings; the room was always packed down at the school. Some nights it would run to two or three in the morning before you could close it off and go home. So yes, it was not a pleasant thing from that standpoint.

Swent: I see. Was prayer an issue?

Conger: No, no, no, I don't recall that.

Swent: "The Pledge of Allegiance"?

Conger: No, none of those things, no. It was more content and format.

Swent: This was getting into the Vietnam era, too.

Conger: Yes, it was leading up to that. No, it had to be right in it. You're right, yes.

Swent: There were issues of flags and--

Conger: None of that was an issue. And of course the company was the taxpayer of the district. There really just wasn't anything else.

Swent: So practically all of the students were the children of employees?

Conger: Yes, yes. Plus there were farmers out in the valley, but very few, very few people.

Let's see. I was going to mention one other thing that happened, too. Oh, one of the toughest things for a mine is to support its camp. First, you have to subsidize the housing. You maintain the houses and everything, and it's a big expense. And we had a big camp there. We must have had, oh, a thousand houses, and we had bunkhouses for single people. So it was a big camp to maintain. Air conditioning on each of the houses. Not swamp coolers, but real air conditioners. So a lot of maintenance of the camp.

Developing Private Housing

Conger: So we started on a project of letting people be homeowners, not to sell the houses in camp, but we built a town site down near Desert Center called Lake Tamarisk. Built a golf course, nine-hole golf course. Created a lake, small lake. The golf course went around the lake, and the houses went around the golf course and the lake. The idea was that the company would subsidize the lots, the developed lots, and then people would buy and build a house on it and move down there. And then we would take their house away when they left the house. The company would take the house away and gradually out of the housing business.

So obviously, the manager and the assistant manager, Hughes and me--we had to build houses down there. How would anybody else ever build a house down there if we didn't? So we built houses down there, each of us, and some of the other people, senior people. But it wasn't a rousing success. My people could live up there for much less than a mortgage would cost on a house down at Lake Tamarisk. They didn't go for it. So that idea sort of came up a cropper.

I took Rosemary over there two or three years ago, just to show her Eagle Mountain. So we drove all around, and I showed her Lake Tamarisk, and people are still living there. A few more houses are being built. A lot of people that live there now are retired. It's a nice spot to retire in. A little hot in the summer, but in the winter--nine months out of the year it's pretty nice. So it's still going.

Swent: Do they have enough water?

Conger: Yes. It has water, yes, yes. And the lake was still full of water--and the golf course. In fact, I think they might have even added some holes to it. But in any case, we did that to try to reduce our costs by having people move out of the company town into a private town. That didn't work. Well, we tried that. Did not work.

Swent: Are you a golfer?

Conger: Well, I tried to be, but I'm not one. I made a big mistake. I put our house right on a dogleg, and every guy that every played golf always thought he could hit across the dogleg and not go around it. And our house used to get peppered with golf balls. What a dumb place to put a house! So I vowed then and there I'd never be on a golf course again.

Swent: We haven't talked about--what was Phyllis doing all this time other than taking care of two boys and so on; what were the women's activities?

Conger: Let me think about that.

Social Life

Swent: Did you do a lot of partying?

Conger: Well, not a whole lot. You know, on holidays and so forth we would get together. Most of us didn't travel somewhere to be with family.

Swent: Did you go into Riverside?

Conger: We would, yes. Certainly, we would go into Indio every week to get groceries. We had a store out there, but very limited supply and more expensive. And besides, it was nice to get out of camp. So we would drive the sixty miles into Indio, and I think Phyllis

even had a hair dresser in Palm Springs, so we would go over there and she would get her hair done. And so we would go in almost every week except the weekends that I was on duty, and we wouldn't leave camp.

But as far as she and the other gals, she used to play bridge. There weren't too many--Silver Bell had more activities that were outside of work than Eagle Mountain did. I know she played bridge with the gals, and there were no societies or associations that she could be active in.

Swent: Was there AIME?

Conger: No, no, no WAAIMEs [Woman's Auxiliary of AIME] there.

Swent: Did you go to AIME meetings?

Conger: No, there really weren't any--Los Angeles would have been the nearest. No.

Swent: So you didn't do that, either.

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Swent: You were talking about churches.

Conger: Yes. The Catholic church was the largest denomination, and they used the rec hall for services.

Swent: The company provided the rec hall?

Conger: Yes, and the padre had a house. He was one of the ones with a house. None of the other denominations had a resident minister. Some of the people that worked as our employees were ministers for some of these denominations. We did not go to any of those churches, so I had no first-hand experience with them. But other than the Catholic church, that's really the only organized religious opportunity there was there.

Swent: PTA?

Conger: Yes, there was a PTA, and Phyllis was involved with that. But again, it wasn't a consuming kind of thing. Nothing comes to mind that would be an example of what--

Swent: What about drinking and drugs--alcohol and drugs?

Conger: I don't recall anything about drugs. Alcohol was what alcohol has always been. There are those that it's a problem for, and mostly

what I saw was at work, where guys just didn't come to work, or they came to work and we had to send them off again. But in camp it wasn't a problem. We didn't have a bar, so that was a plus. We had bunkhouses for single guys that worked at the mine, but there was no outlet for them to go to a pool hall or a bar or something. We didn't provide any of that--wisely. So in camp it really wasn't a problem. And no drugs that I recall. I don't recall any incident of adult or young person with drugs. And this would have been a time--

Swent: Marijuana was a big issue in most places at that time.

Conger: I don't remember any incident. Certainly at our school board meetings and stuff. I do remember the one thing in school board meetings for those of us that were uninitiated: The superintendent brought some cannabis, and he said, "This is marijuana. It's what is pretty popular." He said, "So we really have to watch for this." He said, "Have any of you ever smelled it?" Most of us said, "No, no." So he put it in an ashtray and lit it. Just like hearing a rattlesnake, once you've heard one, you know immediately. And the same way with smelling marijuana. You smell that and, boy, if you're out in a group and you smell that smell, you know somebody's smoking marijuana. That's the only thing I remember. That's as close as I ever got to seeing it or knowing about it. I would have thought that it really would have come to my attention if we had a lot of young people that were doing that or we had a problem with drugs on the job. Just alcohol, not drugs. So I guess we were sort of out of the mainstream on that. And I'm sure later it must have--

Swent: I'm thinking with the kind of employees that you were talking about, there might have been a problem.

Conger: Yes, yes. But I just have no recollection of that.

[Interview 3: December 27, 1999] ##

Swent: We have just been chatting here, and I asked if you knew Ray Ballmer.

Conger: Ward Ballmer first, your acquaintance.

Swent: Yes, who was my friend from Grants, New Mexico, and Ray Ballmer's brother. Ray was probably better known in the mining industry.

Conger: Well, certainly to me. I first met Ray--and this is sort of going back to Eagle Mountain again--I first met Ray when he and--he had been transferred from Chino to Bingham Canyon for Kennecott, and they were just starting this program of converting the upper part

of the Bingham Canyon open pit mine from shovel and rail haulage to truck haulage on the upper parts of the pit, for the waste stripping. Ray was put in charge of this project. In fact, he must have been either superintendent or general superintendent of the Bingham Canyon Mine with that move. But his principal task was to convert the upper part of the pit to truck haulage.

So he and his master mechanic came down to Eagle Mountain to see the truck fleet that we were running. They were going to other mines and truck haulage mines as well. So that's where I first met Ray, and that must have been in '65 or '66, somewhere along there. And we've been in touch over the years since then. He then went on to Bougainville and put that wonderful project on for RTZ and later ran Rio Algom up in Canada. So one of the very successful people in our industry. So it's always been fun to have had that acquaintance.

Swent: Now, your Balmer Mine is spelled with one "l."

Conger: Yes, it had no relationship. The Ballmers were out in New Mexico, as far as I know, originally.

Swent: His family.

Conger: Yes, his family. And the Balmers up there were probably out of Scotland or England, because one of the very large coal seams in British Columbia was the Balmer seam, about fifty feet thick, a very thick coal seam. But no relationship, just a coincidence.

Swent: How do you continue a friendship with somebody like this? How are your contacts maintained?

Conger: Well, either one or the other of people that maintain a contact has some question or wants some information or it's just sort of a slow day and you want to talk to a friend, so you'll call. The other way to keep in touch--

Swent: By telephone.

Conger: By telephone. And the other way is when you go to different meetings. That's where we generally run into one another and renew acquaintances.

Swent: Were you both active in the Mining Congress?

Conger: No, no. I don't remember. Where we would see each other at a Mining Congress function would be the mining show. Every four years we had the equipment show in Las Vegas. Just everybody showed up for those, so that would have been a place where we

would have seen one another again. But I don't recall Ray being in--

Swent: You weren't on any committees together?

Conger: No, no, no, I don't recall that. I don't think so. I don't think we did. Because by the time he got to where he would have been doing that, he was then over in Bougainville and working for RTZ, which is an English company, so he wouldn't have been part of that structure by that time. Had he been in this country, I'm sure he would have been.

Swent: What other people--you did mention that you met so many people that came to Eagle Mountain. Were there any other people that were significant to you later?

Conger: Well, I'm sure there were. The only reason I remembered about Ray was you brought up his brother.

Swent: I mentioned it, yes.

Conger: And I'm sure there were because so many people came to Eagle Mountain over those years. Just from memory, from a dead start, I really can't think of--

Swent: I was wondering if your contact with Caltech--when that began.

Conger: No, no, no. That began when I moved to San Francisco. So that was through non-mining contacts. It had nothing to do with mining.

Swent: Nothing to do with being down in southern California at that time.

Conger: As it turns out, Paul Henshaw was a graduate of Caltech, undergraduate. He got his undergraduate degree at Caltech.

Swent: He got, I think, his doctorate there.

Conger: Oh, I thought he got his doctorate at Harvard.

Swent: I think it was the other way around.

Conger: Oh.

Swent: Undergraduate at Harvard and Ph.D. at Caltech.

Conger: Okay, all right. Again, you would know better than I because you know the family, have known them longer than me. But anyhow, his association with Caltech was really my first exposure to Caltech,

only because of what he told me. So when I came to San Francisco, and met Paul, was when I learned about Caltech and his association with it, but again, he had nothing to do with my becoming a trustee. That was after he had retired and, I think, even had passed away by the time I became a trustee at Caltech.

Swent: PG&E wouldn't have been a factor.

Conger: No, my PG&E directorship and Caltech trusteeship were totally unrelated. But you know, as we talk about Canada some more, so much of what we did at Eagle Mountain we sort of transferred to Canada, to the coal project, in the way of technology: large trucks, large shovels, large drills. That all came from our work at Eagle Mountain.

And one of our guys went up to be a mine superintendent up there, Phil Urso, who had been the mine superintendent at Eagle Mountain when I went there. I worked for Phil for about nine months; then he was transferred to Australia for the Hammersley iron ore project, and he worked there for, oh, it must have been two or three years, helping start that mine up. And then he was transferred from there to the project in Canada, the coal project, as mine superintendent, to start that mine up.

So my boss, Martin Hughes, and Bob Heers, who was his boss in Oakland, contributed a lot of the thought to this new generation of larger equipment, all prototype, to go up there to start this large coal strip mine in the Canadian Rockies.

Swent: You said it was all prototype. What do you mean?

Conger: It was all first-generation trucks, shovels, and drills. They were the biggest trucks, 200-ton trucks, which were electrified. They took diesel engines from locomotives and electric drive motors from locomotives and put them in these trucks--in this case, two-axle trucks instead of the semis that we used at Eagle Mountain. The truck designers felt they could build a two-axle truck that could actually carry 200 tons. And so those were the first ones to be built with that configuration.

Swent: These were American manufactured trucks?

Conger: Yes.

Swent: Were there any special thing you had to go through to get them up to Canada?

Conger: No, I don't recall any problems. Of course, I wasn't involved in that. That had been done by my predecessors, getting the

equipment up there and erected and operating. That was all done before I got there. But I don't recall hearing any stories of any problem getting U.S. manufactured equipment--no one else was building it, so we weren't taking manufacturing opportunities away from Canadians because they weren't building anything--nobody was building anything like that. Unit Rig out of Tulsa I'm pretty sure were the manufacturers of these first trucks.

Dramatic Changes in Shovels and Drills

Swent: Bucyrus-Erie were the shovels?

Conger: That was the shovels and the drills. I have to change that. They were not the manufacturers of the shovels. P & H manufactured the shovels. Bucyrus-Erie manufactured the drills. The three innovative things on the shovels were that first of all, it was the largest rock shovel to that point in time, electric shovel, that had a 24-yard bucket on it. Prior to that, down at Eagle Mountain, our largest shovels were 12-yard. So this was a 24-yard bucket.

Swent: Double the size.

Conger: Double the size.

The second thing that was unique for the shovel, and has become a standard, is static rectification. That is, instead of taking alternating current and then running a generator that generates direct current, which then allows the operator of the machine to move it at different and varying speeds--alternating current turns an electric motor at a constant speed, but in operating a shovel you need to move at faster or slower speeds to perform the motions to load the bucket and dump it into a truck. And so we had always used rotating generators to then generate, convert, AC power into DC power, which is controllable at different speeds.

Well, these shovels, instead of having this huge rotating generator to perform the transfer from AC to DC, used static rectification. Then you had no moving parts. It was done through a series of electrical contacts, like a transformer that took AC and converted it to DC. So that was the first shovels that we knew of that used that technology. So that was the second thing.

The third thing was just more of a mechanical thing, but the older generation of shovels used the swing motors that caused the

shovel house to swing from digging in the muck pile to swing over the truck and dump it and then swing back again. Those motors could be transferred to a gear train to propel the shovels to walk wherever they needed to be, and to walk into the bank as they continued to dig up the muck. The propelling was done with swing motors, which were located up in the revolving house. And you had to transfer that gearing down through the center pin and into the crawlers. Well, these shovels came out with motors down in the car body of the crawlers that propelled the shovel independently of anything up in the house, the revolving house.

So those are three really dramatic changes in the technology we had for that equipment. Given how dramatic the technology was, it was very amazing how well they worked, all of these things. They had trouble with them, no question about it, and their [being] located up in the Rockies in Canada sort of exacerbated the problems because it was hard to get there. Then of course in the wintertime, terribly heavy snows.

But in any case, all of the early troubles they had were overcome in relatively good speed. Everything worked.

The drills--the advance there, beyond making these drills just bigger and heavier down pressure, greater down pressure to drill faster, was that the masts were built twice as high so that you could drill an entire drill hole with one steel. Always before, you had to break the steel halfway down. In other words, we used to have steels that probably could reach twenty-five or so feet, and so to drill a forty-five-foot hole, you needed two drill steels. Well, this new generation of drills had a mast high enough that you could drill fifty feet with one drill steel, which speeded all of that up and made that that much faster.

So those are the kind of equipment innovations that went along with this project.

Swent: You mentioned that in Eagle Mountain your shop--you didn't have to have everything there because you could send things into L.A. for shop work. Was this true in Canada?

Conger: We still tried to maintain that as much as possible: send things out, get them fixed in Vancouver or wherever.

Swent: You couldn't send them to L.A. any more.

Conger: Well, I'm sure some specialty stuff got sent long distances, but generally you're talking about rebuilding diesel motors, engines, and we would send those into Vancouver.

Swent: Vancouver was your closest.

Conger: Yes, yes. And Calgary would have been a second spot for that.

V BALMER COAL MINE, FERNIE, B.C., 1970 TO 1973

An Old Coal Mining District Revived for the Japanese Market

Swent: How did you get up to Fernie? Is that the way you refer to it?

Conger: Well, no. Actually, Fernie was twenty miles from the mines. The location of the mine became Sparwood, which is a little community that was right immediately adjacent to an old, old coal mining town called Michelle, French. And that was an old, old coal mining town that probably was established in 1890 to 1895, somewhere along there. Those mines initially were coal stations for the railroad, and so the Canadian National and Canadian Pacific had mines all along that trend right there, for coal for their locomotives. Much of that coal was metallurgical coal, which also had a much higher value, used as coke in the reduction of metal ores to metal, in blast furnaces. But early on, those mines were developed for the railroads, to fuel their engines.

Swent: So there was a town--

Conger: The little town--and Fernie was also one of the early coal mining towns, but those mines worked out probably around the time of the Second World War, and all of the mining from then on was up at Sparwood, which was about twenty miles east of Fernie and up almost on the Continental Divide.

Swent: How did you get to this place?

Conger: Sort of like the old joke. You fly for two or three hours, you drive for four hours, and then you walk for an hour. It really wasn't that hard to get to.

Swent: The first time you ever went up there from Eagle Mountain, for instance.

Conger: Well, the first time I went up was commercially. I flew up I think from Eagle Mountain, drove into Palm Springs probably, and flew up to Salt Lake and then flew to, oh, Montana Falls--not Montana Falls, but there's a border town between Alberta and Montana. If not there, from Salt Lake straight to Calgary. Then rent a car and drive for about three hours to Fernie, which was south and a little bit west of Calgary, in British Columbia, just over the border. The watershed of the Rockies separates Alberta and British Columbia, and Sparwood was just maybe ten miles west of the Continental Divide, and also west of Alberta.

Swent: So although it was in B.C., you got there through Alberta.

Conger: Although later we used to fly to Vancouver a lot. We would drive over to Cranbrook, which is where Cominco's Sullivan Mine is, just out of Cranbrook, at Kimberley. We would drive into there, which was an hour-and-a-half drive, and then fly to Vancouver. So there were several ways to get around from there, but you wound up driving anywhere from one and a half to three hours to get there.

Swent: Through the mountains. How high was it?

Conger: Well, they weren't really that high. I would guess the passes that went across weren't any more than 5,000 feet, I don't think. They weren't that high. And the peaks--I don't think there's anything over 10,000 or 11,000 feet along there. But it was a snow belt. That area had a tremendous amount of snow. And Fernie was just in this little basin. It used to snow a foot or two feet a day during the heaviest part of the winter. So that was a challenge in starting up this open-pit mine with all of this snow! We moved as much snow as we moved rock, just to keep the roads open and stuff. I'd never seen so much snow in my life.

Swent: But you did operate around--

Conger: Yes, around the year, yes. Anyhow, up there in that terrain, you get winter fog, and it would get so bad that to keep the trucks running, they would caravan so that as each truck got loaded, they would wait for the next truck to get loaded and the next one and next one, and then they would all drive out to the dump, if that's where they were going, and dump; and then they would all come back together. That kept you from running into one another because it was so foggy you couldn't really see. And we would mark the roadways so they could see the roadway, but they didn't want trucks running in opposite directions during the fog or you would be shut down for two or three days sometimes because of the fog.

So those were all challenges, I would say, to make the project work.

Swent: I think the first time you went up, you were just sent up--

Conger: The company had bought this property, and it sort of came about through an evolution of thinking. I mentioned earlier that the expansion at Eagle Mountain was made possible by the investment of the Japanese steel mills in the pelletizing plant, and increasing the capacity of Eagle Mountain. It was their money that achieved that.

Well, an extension of that was, the other thing they needed was good coking coal for the iron ore that was going over there. And the Japanese at that time were going all over the world looking for these raw materials to bring to Japan to supply the feed stock for their industry. This Bob Heers that I had mentioned earlier had heard of these remarkable coal seams up in British Columbia and had investigated them further. As I have mentioned, he was in charge of the coking coal for Fontana, as well as the iron ore. He was their mining vice president.

And so he convinced his boss, Jack Carlson, and the board that they should buy these coal seams up in British Columbia. So they proceeded to do that. So, again, it was the Japanese that would be the benefactors of this because what made all that possible was contracts with the Japanese to buy this coal. I wasn't privy to any of the financing of any of this, but I'm sure it was the contracts that allowed the company then to borrow the money to go ahead and put the project in place.

So that was--I sort of lost my train of thought--when I went back--

Conger Shows How to Use a Down-the-Hole Hammer Drill

Swent: Why they acquired the coal seams, and then you were sent up--

Conger: Yes, that's right. So once they had the coal seams, the next thing was to drill and find out the extent of the coal measures. That was going on. We had sent up a drill from Eagle Mountain. In Eagle Mountain early on we were using down-the-hole hammer drills, as opposed to rotary drills. These were drills that looked like a conventional rotary drill except instead of the drill stem turning and a roller-cone bit on the bottom of the drill stem to cut the rock, these drills had a hammer with a cross bit, much as we use underground, but much smaller bits, to drill rock. The hammer was right down at the bottom of the hole. It

was an air-actuated hammer. It was a percussion drill, rather than a rotary drill.

We had used those at Eagle Mountain in this very difficult quartzite rock that we had to drill and blast. And it was hard for rotary drills at that time to really make good footage on that very hard rock, so we used these hammer drills. Well, we had sent a hammer drill up to Sparwood, up to the coal mines that were being drilled for sampling. We had an extra, and so to keep the costs down to do this exploration work, we sent this drill up there.

Well, we should have sent some drill operators along with it because the Canadians had never seen one of these things before. They didn't know how to make it work. Like anything, it takes a certain skill to really make those things work effectively.

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Conger: So Martin Hughes, the Eagle Mountain manager, comes in my office one day and he says, "Conger, go out there and show them how to make that drill work. There's nothing wrong with that drill." So that was my first trip up there to Canada. Happily for me, it was in the summertime. It's beautiful up there, even around the old coal towns, which is coal dust everywhere, but even so, it's still beautiful on a nice clear summer day. So that's when I arrived, and that was my first time to see that area.

Swent: And to drill.

Conger: And to drill.

Swent: Did the drill work?

Conger: Yes, yes, we got the drill working. It did its share. We must have had four or five drills working because it's such a huge area that they were trying to drill out. And coal drilling, sampling, because of the uniformity of the coal seam, you don't have to drill as closely as we do on metal mines, because the variability of the grade of the mineral, whether it's uranium or copper or lead or zinc or gold--the variability is not that great, so you can space them out a lot more, which is a real benefit from the exploration standpoint.

So you did space them out, and then of course what you're looking for and the geologists look for was structural faults, that would offset the seam. You needed to know if it dropped down or if it was an upthrow, because that affected the stripping. This was all being done for an open-pit mine. So that was what

the sampling was really for, was to get the continuity of the coal seam and also the thickness. But, again, that's pretty uniform in a coal seam; there isn't that much variability in the thickness of a coal seam.

So the drilling was wide-spaced, but all coal drilling is wide-spaced, so there was nothing unusual about that. Because it was in the Rocky Mountains, it was broken up--the seam was broken up more because of the upheaval that caused the mountains to be formed. That's really what the drilling was for, and to see how much overburden there was over the coal seams in these various parts of the reserve.

Swent: So there were a lot of mines in the area and had been, but this was new?

Conger: There were mines there. They were all underground mines except for little doghole mines, where the coal outcropped. They were mined by surface, but if a dozer couldn't strip off the rock over the top of the seam, they would stop at that point. They would scrape off enough of the hillside as they could, as a dozer could push off and mine that and augment the underground mine. That was sort of their safety net. If they had to make a shipment, they would go to these little dogholes and fill up the train or whatever it was to keep everything going, because underground mining is subject to more interruption than surface mining, generally.

So there were these old underground mines, augmented by these little dogholes all around on outcrops in the area. But small. Nothing of the scale that we were talking about. Our operation was to be a 20,000-ton-a-day mine. We shipped two unit trains a day, 10,000 tons each. Before that, they shipped them out in trainloads of ten or twelve cars. It was that kind of a scale. So this was entirely off the scale as far as size was concerned for anything that had ever been there. So it was the first of the large mines.

Subsequently in that area, in the Crow's Nest area, Cominco developed a large mine there, and there were some fairly large mines just over on the Alberta side after that. But this was really the first large-scale mine in that Crow's Nest area.

Swent: Why was it called that?

Conger: It was just the pass. It was Crow's Nest Pass. The railroaders probably named that when they put the tracks across the summit, which was just a few miles east of where the mines were.

Swent: So it was really the new equipment that made it all possible.

Conger: Yes, yes. They could have done it with the older equipment, but the cost, on paper, would have been higher because of the efficiency of this larger equipment--the same people being more productive, same labor force being more productive. That was all part of the mix. But you could have developed it with the equipment we were using at Eagle Mountain, but it didn't offer the economic opportunity as this larger equipment would. And, as it turned out, it was, yes.

The Dragline Came a Cropper in Mountainous Terrain

Conger: One other piece of equipment that I haven't mentioned that was key to the project was the dragline. Draglines in mountainous terrain--they're rare if any. You just don't see that. And there are very good reasons for it, not the least of which, it's difficult to move a dragline around. Generally, they sit on their base, and then they have two walking arms on either side of the base that actually pick the base up and move it forward about a foot and a half and set it back down again; and then the walking arms pick up, and they're rotated forward and go down and pick the base up again. So you move these things at about a foot and a half an advance. It takes a very wide roadway and a fairly level roadway, very shallow grades, maybe--

Swent: I think of them with dredges.

Conger: No, no. You would see that in places like this, out in the Bay and other places. But back in the Midwest, draglines are very common for moving rock and stripping coal seams. One advantage that the dragline has is--and this really works on level seams, which is the most common application for draglines--the dragline can pick up a bucketful of rock, swing off to the side where the coal seam has been removed, and dump the spoil so that nothing has to handle it beyond that except for reclamation.

So a dragline with a 90-degree turn can dig over the top of the coal seam, swing 90 degrees into the pit, where the coal freed by the last cut had been removed, and dump the spoil, so that never has to be handled again except to reclaim it. That's an ideal situation. That's what draglines were first developed to do, and they do that very successfully.

Because it's so cheap, talking maybe six to eight cents a yard back in those days for a dragline to move a yard, a shovel

and truck probably cost twenty to twenty-two to twenty-five cents, even thirty cents to move the same yard. And so the economics are overpowering. So Bob Heers thought, Boy, I don't know why we don't take advantage of that, too. So they did some early designing of a dragline operation and bought a dragline, a big one. I think it was a twenty-yarder or a fifteen-yarder or something like that, a good-size dragline, with a 250-foot reach on it, which is a big machine.

The initial plan that they had envisioned to use the machine was on what we call a dipslope. The large part of this coal seam that was to be mined was on what we call a dipslope, and that is, the natural bedding parallels the natural surface erosion so that the cover of rock over the top of the coal remains quite uniform, and it's on a dip, inclined. And so the object was to do enough shovel and truck stripping to then allow the dragline to follow and remove the last portion of the rock over the top of the coal, and just place it up on the footwall as they came down the dipslope. That was the plan.

Well, after they got started up there, they soon discovered that the dragline could hardly put any rock up on the footwall because--well, I'm using my hands, but because the footwall angle was so steep, like maybe 20 degrees, that didn't leave much volume under the top of the boom of the dragline to deposit rock, and of course the rock would want to run right back down--the coarse rock would run right back down on the coal seam again.

So that was sort of the status when I showed up there. We had this dragline that was not performing at all like it had been intended.

Swent: It's going along the side of a steep hill--

Conger: It goes horizontally, picking up rock that the truck and shovel had left for the dragline, intentionally, and it would just strip the rock right down to the coal and swing to the footwall, which was going uphill away from it, and dumping it.

Swent: And then the rock would roll down.

Conger: And the coarse rock would roll right back down on the bench that the dragline was sitting on. But equally important--because you could build a berm to stop that rock from rolling--equally important, the volume that it then had available to it to store the spoil, the muck, was so small that it was hardly worthwhile to bring it in there to do that. It would have been equally as cheap and what we wound up doing was just to strip it all with truck and shovel.

Swent: Then there was one big dragline available for sale?

Conger: Well, no. We tried--when I got there, I looked at what was happening, and I said, "Boy, you know, I don't see how we're going to make this thing work."

God, everybody down in Oakland, particularly Bob Heers, said, "Wait a minute! Do you know how cheap that is to move that rock? Of course--you've got to make it work!"

So we got a guy--a couple of guys, because there was an outfit down in Colorado that was using a dragline, and they were mining steam coal for a power plant in Colorado, in the Rockies.

Swent: Who were they?

Conger: Well, it was Peabody, and the guy's name that was running it and was doing a great job was Joe Lake. And so I called up Joe, and I said, "Boy, I hear you're working a dragline there in Colorado on a mountainside. We're trying to do the same thing. We can't make it work. Would you come up and take a look?" I said, "I'll pay you to come up." And so he talked to his boss and he said yes, he could come up.

So he came up. We spent a day or two together. After it was all over, he said, "You know, you're just a lot steeper than we are. We make ours work all right and it does work all right, but we don't have this condition, so I really can't suggest a better way to do that." He said, "You do need some help in how you stack your spoil. You're not doing a very good job of that."

I said, "Boy, I could see we're not."

He said, "There's a guy over in Calgary that works for the power company over there, and they have open-pit coal mines out in the prairies, where it's flat." And he said, "He's a great dragline operator. He really knows draglines. Why don't you have him come over and show your guys how to stack that stuff. You can get more up there than you're getting, but it's not going to be as much as we're able to get up on our footwall."

So we had that guy come over. His first name was Chuck. I can't remember his last name. But he was a vice president for the utility over in Calgary. He came over and spent a week or so with our guys and really taught them how to stack that stuff. Did a great job. It looked neat. But again, it wasn't enough material to make it worthwhile. He said, "That's the best you can do." He said, "I don't know of any way you can make it better now."

So I first of all had to convince our guys down in Oakland that it's not going to get any better than this. What we did do--and I sort of had this worked out before I told them that--at the very bottom end of this coal field, there was an area where it flattened out, right at the bottom. While it wasn't an ideal situation for a dragline, we were able to put the dragline down there, and it worked for about two and a half years, stripping this off. It had to rehandle its own spoil twice, which made it twice as expensive, but still cheaper than truck and shovel.

So we did mine that one area out at the very bottom end of the coal field, with the drag line. But when that was mined out, that was it, and we did sell the dragline. But that was after my time. It was sold, as a matter of fact, to Consolidation Coal Company, the company I susequently joined. Of course, they talked to me about it before they bought it because I knew all about the dragline because I had been up there when it was operating.

So that was an unhappy situation. That was probably the only equipment thing in the mine that sort of came a cropper. It was a great idea, but it couldn't be made to work because of the topography that was involved.

Conveying the Coal Through a Tunnel to the Plant Site

Conger: So that was the mine. Then there were a couple of other things in the project that were really good once they were in, but very difficult to do, one of which was to get the coal from the mine down to the plant site, and the plant site had to be near where you could get the railroad to because we were going to send 20,000 tons a day out of there by rail. So a big part of this operation was getting coal to rail.

The design was to put the plant, which takes the coal, washes it to wash as much ash out of it as possible, and then dry it and stow it in silos to load into the trains that came through to be loaded, never stopping. You know, they would go through at about two and a half miles an hour, and you would load each car, and then they would just move right on out and on their way to Vancouver, 600 miles away, over the mountains.

So the plant was sited down in the valley. The mine was way up high on the mountain, and behind a ridge. So the crusher for the coal was on the downhill side of this ridge, so they drove a tunnel from both sides for a conveyor to take the coal from the crusher down to the silos ahead of the plant. These were

sediments that were very incompetent, and they had a heck of a time driving the tunnel, because they drove it from both ends. It was just very, very difficult. And that was a huge cost overrun to get those tunnels connected, one coming from the top and one from the bottom. But they finally achieved that and then installed the conveyor belt, so the tunnel was a big part of the project, and it turned out to be much more expensive than was anticipated.

Swent: And you say one from the top and one from the bottom, so it was a sloping tunnel?

Conger: Oh, yes. I'm sorry. Yes, the plant was down in the valley, and the mine and the crusher were up on the mountainside, behind a ridge, and so the tunnel came under the ridge, downslope--sorry, I see why you wondered if it was level. No, it was downslope, and it was a steep slope. And we used the conveyor belt to generate electricity when it was loaded, to brake the belt so the belt didn't run away with this heavy load on it. So it generated power when it was working, and part of that generation was the brake to keep the belt from running away.

Swent: What kind of belt was it?

Conger: It was a huge belt, and it had steel wire in it for tension because of the heavy load that it was carrying. It must have been, oh, plus-two miles long, to get to the plant. I don't just remember the exact length, but it was long.

Swent: Had this all been done before you got up there?

Conger: Yes, it was all complete, all complete.

A Huge and Very Sophisticated Coal Washing Plant

Conger: Then the last part of the project was the plant, a huge coal washing plant, with a dryer because up there things would freeze, so you couldn't send damp coal or wet coal in those cars. They would freeze in the cars, and then you couldn't get them out of the cars, so had to have a dryer to dry the coal after you've washed the ash out of it.

It was a complicated plant. The coarse coal was taken through a medium that was at the right specific gravity so that the coal would float and the rock would sink. That was very straightforward, to clean the coarse coal, which was anything over

a quarter of an inch or so. That was a very simple part of the plant.

Then the fine coal presents--in any plant, any coal washing plant--the fine coal presents a lot more challenge because it's harder to separate those finer particles from each other. The plant had heavy media cyclones that had as its medium magnetite, added just enough to the solution, to the slurry, such that the lighter coal particles would float; i.e., would come off of the top of the cyclone, and the heavier particles in that medium would sink and come out of the bottom of the cyclone, in the rope, the underflow from the cyclone.

And then to get the last squeal out of the pig, we used water-only cyclones, which took the tails from the media cyclones and cycloned those, just in water, so you got that last little squeak of carbon out of the top that would have otherwise gotten away and gone out to the slime pile. So it was not an unsophisticated plant. It was a very sophisticated coal washing plant.

That was what was built and started up. When all that got built and started up, the project had already overrun its original cost estimates, and so there was an expansion--and I'm trying to recall now what the expansion was--but with the expansion sort of rolled up the overrun so that it became part of a bigger project. I just don't recall. Probably added another fleet of shovels and trucks to mine more. But in any case, all of this was completed, up and running, after a fashion, before I was asked to go up there.

Production Doesn't Meet Specifications in Spring of 1970

Conger: As I mentioned, I was asked to go up there in the spring, when the project was supposed to be delivering specification coal to the Japanese ships, and they didn't have any coal of the right specifications to ship. And so I was asked by my boss and Bob Heers in Oakland to go up and take a look at what's going on, and what did *I* think about what could be done and what should be done.

Well, I had never worked in a coal plant. The mine part I could look at very easily with the experience that I'd had, but the plant I never--I knew a lot about copper flotation, I knew a lot about iron ore, beneficiation, but I didn't know anything about coal beneficiation. But anyhow, went out and looked and all of that, and came back and said, "Well, you know, they seem to be

doing everything they should be doing to try to make it work, but the plant isn't working." It's not getting the throughput through it that was intended. And besides that, the coal that they were mining was not metallurgical coal.

The problem with the coal quality stems from the fact that in doing the pre-mine stripping to get ready to start producing coal, they tried to take advantage of the tax holiday the Canadian government offered new mines, when they were starting up, giving them anywhere from three to five years of time in which they wouldn't have to pay taxes, thus allowing for early recovery of their investment before they had to start paying taxes.

The people who designed all of this said, "Well, let's mine the shallowest coal first because we're not paying any taxes, and make the most money we can, and then later, when we start paying taxes, we'll strip more and the government--that's an expense that we can subtract from taxable income, and so the government will help us pay for that stripping. So we'll go to the shallow places first, open those up, and start out that way."

Well, what they didn't know and the drilling didn't discover this--I mentioned to you before that exploration drilling was wide-spaced because in coal measures you don't drill like we do in hard-rock ore deposits. So there wasn't any drill data in these shallow spots, to speak of, and so they had little warning that this coal would have been oxidized because it was so near the surface, and therefore it was not specification metallurgical coal.

So they started mining this stuff, and it wouldn't make spec. And then, of course, compounding that problem, the plant couldn't process it at the rate of 20,000 tons a day, either. They were unable to do that. So that was sort of their dilemma. And looking at all of that on my four-day visit or three-day visit, I looked at all that and I said, "Gee, I can't suggest anything. I don't see what to suggest. Obviously, in the mine you've got to change that plan and go to a new stripping program and get good quality coal, but the plant--its inability to process 20,000 tons a day--that's something you're going to have to get some coal preparation plant people out there and look at and see why it isn't getting through there." I said, "In two or three days I can't tell you why."

So that was in April, I think it was. It must have been '70, April of '70. I didn't go up until July of '70. The existing management spent a couple of more months wrestling around with that, nobody giving answers to anything. In the meantime the Japanese ships had been coming over there, expected to be loaded,

and got to Vancouver and found there was no coal for them to load. And then at that time there was a lot of negotiation with the Japanese, and by the time I went up in July, we told the Japanese that "we can only supply you with steam coal" because that shallow coal that had oxidized would make good steam coal and had a high calorific value, but it was not metallurgical. It would not coke. So "we would supply you with that, but we can't supply you with metallurgical coal until we reevaluate this whole project."

Changes to Solve the Problem; "The Only Game in Town in B.C."

Conger: So part of the reevaluation, I guess, was me--you know, change of management. The first thing you always do when you have a problem: change management. That buys you another six months. And so that happened. I don't know if we described that. I think we did.

Swent: You did. You talked quite a little about the coal washing plant. We're referring to the interview that we did in 1995. And you did talk about the coal washing plant. But there may be still more that you would like to say.

Conger: No, no. You know, I went up there in July, and I think we described that I left Eagle Mountain to go up to Oakland to talk to Jack Carlson and Lee Emerson, and so they asked me to go up there, and I said okay, and they said, "We want you to go up this afternoon." I had just gone up to Oakland in a suit, and planned to go home that evening.

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Swent: We had a little break, and we've just been looking back at the interview that you did in '95, where you felt that you had covered it pretty well. I understand there were three things you had to do. One was change personnel, one was change the plant, one was change the mine. That was pretty much everything!

Conger: That was pretty much everything.

Swent: And you were only there three years, but you managed to do that.

Conger: We really did have a good crew of people, great crew of people, both in the mine and in the plant to make those changes.

Swent: And you also had to change the contracts.

Conger: And we had to change the contracts. We had to first of all convince the Japanese why they should stay with us, and then with their concurrence go ahead and make these changes.

Swent: Did they have that much choice? Could they have just cancelled and walked away from it?

Conger: Yes, they could have except, fortunately for us, the Japanese had this master plan that they didn't want to be dependent on any one country for their raw materials, because that would then put them at a disadvantage perhaps at some future time, so they tried to have a good diversity of feed stock sources so that no one country could sort of hold them up and prevent them from mixing their materials in a way that was most beneficial to them. So because of this country philosophy on getting materials for manufacturing, they felt it very strongly; it was important to them. And this was the first project out of the box for them, so that was the only game in town in British Columbia at that time.

Swent: So you had a little bit of leverage.

Conger: So there was leverage there. Plus Kaiser had really established a very good reputation with the Japanese because of the pelletizing plant down at Eagle Mountain and other things that the Kaiser people--Jack Ashby, Jack Carlson, Lee Emerson--all did with the Japanese. They became personal friends with the Mitsubishi Trading Company people, so there was that excellent relationship that was just critical in getting the Japanese to agree to work with the company to work these things out rather than dumping the whole thing.

Swent: Were they getting coal from Australia as well?

Conger: Yes. And of course that coal was coming right on schedule.

Swent: From Kaiser?

Conger: No, no, it was from Utah [Minerals International].

Swent: Iron from Kaiser.

Conger: Well, iron from the Kaiser consortium. They were part of the Hammersley with RTZ; they were in partnership with them.

Swent: Mount Tom Price?

Conger: Mount Tom Price was the first of the iron ore mines. But on the coal side, the Utah coal was perhaps even a little bit superior metallurgically to the coal we had in Canada, but much easier to

recover, and the Utah guys just had a whiz-bang of a project and did a great job with it.[1] Were always delivering on time, on spec, making money and no whining, like we were. We envied them greatly for having done such a good job. We heard a lot about it from the Japanese, how good they were doing. And no fussing, no whining, great quality--all of that. And of course we had it coming because we weren't doing any of those things! But that was the circumstance there.

The Correct Story on the Public Stock Offering and Options for Directors

Conger: A couple of things that I noticed in the first interview--one of the things that I want to correct is that when we finally got everything going--got the plant modified, got the stripping done for good-quality coal, and started producing coal--got the plant up to its rated production rate and were making specification coal and shipping it to the port in Vancouver, the situation occurred--and I mentioned this in the earlier interview, and I was incorrect.

The situation was that when Kaiser Resources was first established as a public company in Canada, at the beginning of the project, the prospectus and all of the accompanying documents for the public offering neglected to say that members of Kaiser Steel, the senior executives in Kaiser Steel were awarded stock options on Kaiser Resources stock that was being issued in Canada. I incorrectly said in that first interview that they were awarded stock, and that is not the case. They were awarded stock options, which later, after the stock price went up--some of the executives did exercise their options and sell the stock, which caused quite a scandal because none of the offering documents had said that they were awarded these options in the first place, and so that was a great embarrassment to the company and particularly to Edgar Kaiser, Sr., who never--to my knowledge, to anyone's knowledge--never did anything that was inappropriate and certainly not anything that was illegal or not straightforward. So it was a great embarrassment to him personally that this could have happened.

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[1] See Alexander M. Wilson, *Leading a Changing Utah Construction and Mining Company: Utah International, GE-Utah, BHP-Utah, 1954 to 1987*, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 2000.

And I described this, that he sent up one of his very trusted confidantes and business associates, Steve Girard, to run the Canadian company as president and also send his son, Edgar, Jr., up as an executive vice president to be over the mining operations. And all of that was covered in the other interview. But I just wanted to correct that one thing that I said incorrectly, that they were given stock options, not stock outright.

In Eighteen Months, Everything Was Running Well

Swent: We should just do a quick recap, for the benefit of anybody who might not have that other interview available, that you were able to do all these things.

Conger: Yes, we did get everything running. It took about a year and a half to get all of the things completed, and during that year and a half we did ship steam coal to Japan, and so all of that took place. Like I say, it took about eighteen months to get it all completed. In the other interview, I described that we had just gotten the plant modifications made and got up to full production, when the dryer plant--the second of the two buildings in the plant site--caught fire. That was a great setback.

The Dryer Plant Fire, a Brief Setback

Conger: But the fortunate thing about the timing of the fire--obviously, the fire wasn't fortunate, but the timing was in that the Kaiser Engineers that had done the modifications for the plant had just left, but all of the drawings--all of the fabricators that we used for the plant modification--that was all still in place. We knew all of the people that had done this, and within eight or ten hours we had contacted everybody and alerted them as to what happened. They got up there quickly, determined what parts of the structure needed to be changed and who had built it in the first place, and within three and a half weeks we had the plant running again, even after that fire.

The reason it could have been done so fast: everybody was there that had done it before, so they knew exactly where the sources for the replacements were, and quickly mobilized all that. So that was a remarkable thing.

Swent: I had a couple of little questions. In the other interview, the heading on this section was the Balmer Mine. Now, is this the way you referred to it?

Conger: It was the Balmer coal seam. I guess we did call it--the open pit was the Balmer Mine. That's correct, the Balmer Project, the Balmer Mine.

Swent: Was that the general way it was referred to?

Conger: Yes, I think so because it was the Balmer coal seam that was being mined, this fifty-foot-thick coal seam. So yes, we did call it that.

Swent: When you talk about that era, you referred to it as Balmer?

Conger: Yes, the Balmer Mine.

Turning Around Anti-American Feelings and Making Good Friends

Swent: Okay. And you didn't mention anything about your family, but this meant moving them up there from the desert to the snow.

Conger: That's right. My kids had been born and raised in the desert, first the Tucson area, southern Arizona, and then Eagle Mountain, so they had really never been around snow. A great time for them to move up there. As it so happens, the manager that took my place at Eagle Mountain had just come down to us from Kennecott. His name was Kay Olson, from Utah, Brigham Canyon, Salt Lake. Kay had two boys--they lived right next door to us, moved in right next door to us--and as they were unloading the van, my boys saw these skis and these ski boots and all their stuff, which they had never seen before. And they were just delighted to learn all about skiing and stuff, and it wasn't a year later--less than a year later that we moved to Canada and the boys got to have all of their own ski stuff and ski. So they had a great time.

This was that period where there wasn't all that much love and joy to have Americans around in this small little mining town, particularly after what had happened, and then the satisfaction of seeing that the Americans weren't as good as they thought they were, and the project was not doing well.

Swent: You had said in the other interview that there was a lot of anti-American sentiment.

Conger: Yes. And understandably.

Swent: That's one of the things that you turned around.

Conger: I was really conscious of it and so recognized it. We needed all of the Canadian support we could get, not only employees but from the government and everyone else.

But speaking of the family, it was difficult for Phyllis at first because, you know, people didn't want to extend themselves too much, and so she was sort of having to rattle around in this little town on her own for a while because the people that had been there that we knew, had gone. I let them go. So she really didn't have any friends when we went out there. So it took about six months before some of the gals started to warm up. Within another six months, it was as if we had been there forever. So that worked out good.

The boys were in school, and I forget--Red, my oldest son, must have just been starting high school.

Swent: Where was the high school?

Conger: It was in Fernie. We lived in Fernie. So he was starting high school, and Pres must have been in about sixth or seventh, seventh grade, probably. It was during that time, the transfer of schools, Red was able to make the transfer academically. The Canadian schools are much better than the southern California schools. Red was able to make that transfer satisfactorily. Pres, the younger son, had difficulty with it, and so after half a year or so--maybe it was the next year--we enrolled Pres in a private school over on Vancouver Island, Shawnigan Lake, and so he went to school over there. Red continued in the school system there at Fernie. As sort of a mark of achievement for him, he was elected student body president his last year there, his senior year in Fernie.

That was the year that I left Kaiser and Fernie--left in January and joined Consolidation Coal Company. Red stayed on with some friends of ours, the Popenoes, to finish out his senior year there, and Phyllis commuted back and forth from the United States to Fernie on a pretty frequent basis during that last three or four months until Red graduated from high school. Pres was still at Shawnigan Lake, so that didn't affect him when we moved. So anyhow, we really did enjoy the people there in Fernie. They became good friends of ours.

Swent: What sort of social life did you have?

Conger: That little town had a great social life, mostly in the homes, and for special--on New Year's Eve and those kinds of events there would be a hall somewhere in town where everybody would go and have drinks and dance.

Swent: What was the population of the town?

Conger: It was about five or six thousand people, I would guess. And had its own little communities. There was an Italian section, there was a Greek section, there was a Welsh section--and they all lived in their own little part of town. They all knew each other, but they each lived in their own section.

Swent: How many employees did you have?

Conger: Well, we must have had--we had virtually all the employees in the valley. There was another company, but it was much smaller.

Swent: It was not really a company town, though?

Conger: Well, it was a public town. It was like Grants [New Mexico]. It was like Grants in that there were several other companies, but most of the other companies were contractors to us, one way or another. A guy that ran the bus service was a contractor to us, the guy that had a fleet of highway haulage trucks hauled coal for us from different places that were being mined--these are all highway-type trucks, not our off-highway pit trucks. And then mechanical contractors to us. So most everybody one way or another worked for us. But our direct employees probably numbered no more than 1500.

Swent: Did you have company houses?

Conger: No. Now, I said no. Up at Sparwood, which is where the plant and the mine were, we started a community there, and we paid for the development of the lots, that is, the infrastructure, and then made it possible for people to buy the homes, by guaranteeing the mortgage and in many cases giving a second mortgage at very low interest rate; in other words, subsidize them into these houses. But it wasn't a company town like we knew company towns, where the company owned and operated the houses.

Swent: You owned your own home in Fernie?

Conger: No. My predecessor had a home there that he didn't own either; the company owned it. But he paid rent on it. And so we took that home when he left, this nice big house right on the river. Old-fashioned house.

Swent: What was it like?

Conger: Well, it was two-story, the largest home we'd ever been in in our lives. It was quite grand from that [standpoint], but it was expensive to maintain and--

Swent: Heat--

Conger: --heat it. Yes, it was just awful! It came at a price.

Swent: You say "on the river," so you're down in the valley down there.

Conger: Yes, oh, yes, Fernie is in a valley. Several rivers run together right at Fernie. One is a smaller stream, and then the Elk River is the big river that comes from the north, and it joins another smaller stream right there at Fernie. But we were right on the confluence of the Elk and that smaller stream.

Swent: Sounds pretty.

Conger: Oh, it was a beautiful spot. Fernie is a lovely little town. I'm sure it's changed. I was just talking on the phone over the holidays with one of our friends there. She and her husband were dear friends of Phyllis and mine, and he has died. She had sent us a letter, but she had had a stroke and I couldn't read the letter, so I called her up so I could talk to her and find out how everybody was. But it's just a beautiful spot.

Swent: Let's talk about the health care and social life and some of those things. You had a hospital there, did you?

Conger: We had a hospital there. Big dilemma for us: Red, our oldest son, had never had his tonsils out, and here he was, a senior in high school or a junior, and when you get to be an adult, having your tonsils out is not to be taken lightly. We were really concerned. Should we have him operated on here, or should we take him down to the States and have him operated on? Finally we decided, Well, no, we're up here. We're part of this community; that wouldn't be good to take him down.

Swent: But those are heavy decisions.

Conger: Heavy decisions, and Red was part of it. He agreed with that. So anyhow, we had it done there at the hospital in Fernie. There was a large hospital--well, for a 5,000-person community. In fact, it was for a lot of the communities around. It was the only one within twenty or thirty miles, so it serves a bigger area than that. But had it done by a doc that took care of all of us. Canada has this social medicine system. We certainly had there in

Fernie--I think there were two or three doctors, but this one old guy was our doctor--tough, old, thin, hard guy. A hiker and a skier and all that stuff. He did the surgery on Red and did a great job, and Red just came through it with flying colors, so that all worked out great.

But talking about this doctor, this anti-American stuff. I hadn't been there too long, and gosh, I had these darn pains in my stomach, and so--

Swent: I don't doubt it!

Conger: Yes! [chuckles] And later, when I look back on it, I know why I had those pains in my stomach. But anyhow, I'd never had pains in my stomach before, so after a week or so of this, I called him up one day and said, "Look, I'm coming"--and the mine was twenty miles up the road, so I said, "I'm going to come in early if you can see me this afternoon."

He said, "Yeah, c'mon in."

So I did, and in due course he could see me. So he said, "What's wrong with you?"

And I said, "My stomach. It's been aching for a week, and I can't understand it. I've never had this before."

He said, "Lay down on the table." So I laid down on the table, and he starts poking me. He said, "My God, you Americans are soft." He was poking me in the stomach.

And I thought, "You son of a gun. What do you mean?" So I went home and I told Phyllis that, and she said, "Well, you know, you are putting on a little weight." Boy, I tell you, that just changed me. By golly, nobody was ever going to tell me that again. It is remarkable. It's wonderful. Just what I needed to hear.

Anyhow, we always had good--

Swent: What were the stomach pains from?

Conger: I just think it was nerves.

Swent: Stress.

Conger: Yes, yes.

Swent: You must have been under *terrible* stress.

Conger: I was. You know, I enjoyed it all, but it manifested itself that way. My stomach didn't enjoy it.

Swent: Did you have headaches or sleep problems?

Conger: No, no, no, I slept good; I just had the darn stomachache. But it went away, and I think probably as much because of what he told me as anything, because I don't remember taking anything for it.

Swent: Did you start exercising or anything special?

Conger: No, I didn't then. I was working long hours.

Swent: You were doing a lot of walking around probably.

Conger: I was always walking around the plant and the mines and stuff, yes, so I got exercise that way, but I didn't have any regimen for exercise. I did start playing badminton with one of the people there. But because of my long hours, I just didn't take time. I should have taken time, as I think about it, because I've done that later in life, but didn't and didn't have any regimen that I should have had.

Swent: What about social life? Did they play--what? Bridge? Poker? Pinochle?

Conger: Well, Phyllis and I never did that. We didn't play cards with people. We never got into one of those groups. I'm sure they did there. I'm sure the ladies did, but Phyllis didn't do that. She spent a lot of time with the boys because I was gone--not away from home except when I went to Oakland or to Japan, but I was up at the mine. I would go up early in the morning and come back late at night pretty much seven days a week for a couple of years. So she spent a lot of time with the boys when they weren't in school, particularly at first, when the boys didn't have a lot of friends either.

So the social life really was couples. We'd have either dinners at our house or at their house, or there would be some kind of function we would all go to that either involved something that was happening in school or some holiday or something.

Swent: Was there anything like a Rotary club?

Conger: If there was, I'm not aware of it.

Swent: You were not in it.

Conger: I was not in it, no.

Swent: You were just working.

Conger: Yes, no service clubs. I don't remember seeing any signs going in and out of town like they usually have, Rotary and Kiwanis and all that. I don't remember ever seeing that.

Swent: It wasn't part of your life.

Conger: It wasn't a part of my life, yes.

Swent: Church? Were there churches?

Conger: There was an Episcopal church there, and we went to that--not all the time, but on occasion. And obviously a Catholic church that was the largest denomination in town. And probably another church or two. Yes, there were as many churches as there were bars. Of course, in Canada you have to have an eating establishment at the bar, and you had to have accommodations, so they were always hotels. The bars were always in hotels.

Swent: What about drinking?

Conger: There was not a great deal of drinking.

Swent: Really!

Conger: Really. When we would go out, we would all have drinks, but I don't remember it being a social problem.

Swent: Sometimes these isolated cold places get to be pretty heavy drinking--

Conger: I don't recall that being a problem. Now, our wives would probably have a little different answer to that question about drinking than we would.

Swent: Why?

Conger: Because guys always drink too much.

Swent: Oh!

Conger: But from the standpoint of just problems in the community or work--

Swent: I was thinking of your personal social life, if there was--

Conger: We would all drink, but I would say moderately, social drinking. And we learned quickly that when you go to a party someplace in

the winter, you don't want to be the last one to leave because you get galoshes that were left, and you would wear a brand new pair of galoshes to the party, and you would go home with the two worst looking galoshes, usually for the same foot! So you wanted to leave early to get your galoshes. That was one of the things I remember. You don't want to stay at a party too long.

Swent: Could you buy most of your personal domestic supplies--food and things--there?

Conger: Oh, yes.

Swent: Or did you have to go someplace to shop?

Conger: No, it was too far to go anyplace to shop. No, it was the biggest town. So we found everything there. The only place we had ever lived where they didn't deliver milk to your house, but they would deliver beer.

Swent: Ah!

Conger: Yes, there was a local brewery, and they would deliver beer to your house. But Phyllis couldn't get milk delivered to the house. That used to make her so mad.

Swent: What did you drink when you went to parties?

Conger: Usually beer. In those days, usually beer. Just about everyone did. Perhaps vodka was a drink that was popular--I think more with women than the guys. Those are the two things I recall. Yes, but mostly beer.

Hydraulic Mining in a Unique Situation

Swent: You had wanted to mention also the hydraulic mining, and you did discuss that in the other interview.

Conger: Yes. I reviewed that, and I think that's pretty complete.

Swent: This is one innovation--

Conger: It was something that was so successful there because of the type of formation that the coal occurred in: very steeply dipping coal seams that could not be mined conventionally by room-and-pillar. Because they dipped so steeply, you couldn't mine them open pit because of their overburden ratio. So here were these beautiful

coal measures that seemed to be unrecoverable, and just ideally suited to this system of hydraulic mining. With high-pressure water jets, you just knock the coal down out of the face and just sluice it down a drift or a passageway that you had driven up to the top part of the coal seam at about a 7-degree angle, and dug a ditch along the side of the entryway. The water would just sluice the coal right down the ditch and right out of the mine and right into a settling tank to take the water out of it, and it's ready to go, right to the plant. It was tremendously successful.

Swent: But has not been copied very much.

Conger: No, it takes a unique situation as far as the coal deposition is concerned, but there must be other places where it could have been used. As I mentioned in the other interview, we went over to the mine in Japan that had been successfully doing this, and it was a very, very narrow vein that they were working in, and they were making it work quite well, so I know in the Rockies there have got to be other circumstances where that could work. And perhaps it is now. I haven't been in the coal business for a long time, so I probably am not current on that. But that was a very successful operation, very cheap way to mine coal. That was another thing we had done there that was first of its kind.

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Swent: You were only there three years. You did an awful lot in that time.

Conger: I really had intended to go up for just three years when I agreed to go.

Swent: Why?

Conger: Because I felt that working outside of the country, where you might have good advancement opportunities outside of the country, if you ever want to come back, you would sort of have to go back in the queue and work back up again, and so I didn't want to do that. I had made that conscious decision not to go foreign, but then, when I decided to take this job up there, I thought, Well, I'll just do that for three years and then come back.

But getting back to--you mentioned Edgar Kaiser, Jr. I think I mentioned in the other interview that, while I had hoped and been led to believe that I might be the president of that Canadian company, it turns out that I was not to be that. But I will say again that everything was running well when I left. Everything had been done that needed to be done. The operation was now performing very satisfactorily.

The next phase was to get the Japanese to pay for the added costs of all the things that had to be done from the first contract to what it was costing now to produce the coal. And so it took somebody of the stature of Steve [Girard], who went up as president, and Edgar, Jr., who was the son of Edgar, Sr., who had this good relationship with the Japanese going back many years. It took people of that stripe to be able to negotiate with the Japanese contracts that would be profitable for Kaiser. And I could not have done that. I could not have carried the same weight to that that they did. So while it was a disappointment to me, from the company's standpoint I can't fault that at all.

VI CONSOLIDATION COAL COMPANY, 1973 TO 1975

The Decision to Leave Kaiser and Meeting Ralph Bailey

Conger: I can't remember. I think I described how I came to leave Kaiser.

Swent: Very briefly. You just said that I think you had met Bailey.

Conger: Yes, Ralph Bailey was on a busman's holiday up in Canada that summer, the summer before I left and had called up one day and wanted to know if he could have a tour. I didn't know Ralph. Had never heard of him. He had spent all of his life in the coal business. But anyhow, I said, "Sure, when would you like to come?"

And he said, "Well, how about Sunday?" So we spent a Sunday together--he and a fellow that he had worked very closely with for years and years named Gene Samples. They came to the mine, and we spent a very enjoyable day together. I showed them the whole lashup.

Swent: The whole what?

Conger: The whole operation.

Swent: That must be a Canadian expression.

Conger: I don't know where that comes from.

Swent: Dog sleds or something? Anyway, excuse me for interrupting you.

Conger: So we had a really enjoyable day together, talking about all of the things that we had done. Ralph was a vice president of Consolidation Coal Company, and Gene was his chief engineer. They had an open-pit coal mine over in Alberta, just across the border, still in the Rockies. It was Luscar, the Luscar coal mine. They had been very successful with that and made a lot of money

operating that. They had heard a lot about what we were doing over across the ridge and just wanted to see it. They had been up visiting their Luscar mine and wanted to see what we were doing.

At any rate, we spent a great day together. As happens so often in life, you just sort of hit it off with people. You really can't account for it; you just do. And so Ralph was a guy --he and I just sort of hit it off that first day. So when he left, he said, "If you're ever looking for a job, give me a call."

I said, "Okay." So at any rate, it was summertime, and I forgot about that. By this time I was deciding that I really didn't have any future there in Fernie any longer, and I needed to be getting on to my next opportunity, wherever it was. So that fall, I think I was giving a paper at one of the Mining Congress meetings. It was here in San Francisco, so I was down for that, and Ralph Bailey was there. I called him before we went to San Francisco, and I said, "Are you going to be in San Francisco?" And he said, "Yes."

I said, "So am I. How about having lunch?"

He said, "Yes, I'd like to." So we did.

And so I told him, "You told me before if I was ever looking for a job to get in touch with you," and I said, "I'm thinking of leaving Canada."

So he said, "Well, let me think about that, see what we have." So that was all of that for a month or so, and then he called back and said, "Yes," he said, "I'd like you to come back to Ohio to our division there, and we'll make you general superintendent of mines, but that's just sort of temporary until I can sort out some things." He had just taken his new job, a more senior position with Consolidation Coal Company at that point, so he was sort of reorganizing things and lining up his crew.

Swent: Was he president?

Conger: No, he was not president; he was a vice president of the company. That company, Consolidation Coal Company, was a subsidiary of Conoco, the oil and gas company, Continental Oil Company, Conoco. At any rate, he said, "We can give you this job there right now, and then I'm sort of reorganizing stuff, and there will probably be something else within a little while." He didn't say exactly how long. So he said, "What do you need for a salary?"

I said, "Well, a guy hates to take a cut in pay."

He said, "Well, you don't have to. We'll pay you what you are getting now."

A Few Months as General Superintendent of Mines

Conger: And so that was very fair. So anyhow, we moved to Ohio, to St. Clairsville, Ohio. This was the Ohio Division of Consolidation Coal Company. They must have had, oh, six or seven mines in that division, all producing, oh, five or six million tons a year or something like that, of coal--all steam coal, no metallurgical coal. So anyhow, we went back there. We bought a house, fixed it up--Phyllis did. We got it all ready, and then--she was spending most of her time back in Canada because Red was still in Canada going to school.

So I was there only maybe six months. In January, not even six months--about five months, four months, four or five months--and then we were transferred to southern Illinois, to the Midwestern Division, and I was then made vice president and general manager of that division.

Vice President, General Manager of the Midwestern Division

Swent: What was the town in Illinois?

Conger: We lived in Carbondale. We lived there I guess for about two and a half years. Yes, two and a half years. We had six surface mines and we were developing a new surface mine and had one underground mine in that division, and we must have been producing five to seven million tons of coal a year, something like that.

Swent: All in that same general area of southern Illinois?

Conger: Illinois. We had one mine up near Peoria, and then the underground mine was in mid-state, and then the other surface mines were in the southern part of the state. We were there for about two and a half years--

Strip Mining Compared to Open-Pit and Contour Mining

Swent: Were you using the same kind of equipment that you had used?

Conger: No, not really. This was flat country, so we were using draglines--successfully. [chuckles] And we had a couple of shovels that operated much like draglines. In other words, they would take the rock off of the coal seam and just swing around and dump it where the coal had been mined out and left a pit bottom that was clean of coal, and so it would swing around and dump there and just keep it advancing along, and make another cut. Then you would follow the cut with trucks and a front-end loader and pick the coal up and take it out, and then when it came back to make the next cut, put the spoil rock in that void spot.

Swent: Is this what people call strip mining?

Conger: That's strip mining. You know, one of the things that our industry has had difficulty informing the lay public about is the difference between strip mining and open-pit mining. In the West, even coal mining--there's very little strip mining because the coal seams aren't flat; they're pitching at some angle to horizontal. But the difference that the public has trouble understanding is they say, "Well, if the coal miners back East and in the Midwest can move along laterally, mining the coal, and just putting the spoil right back where they got it, you don't leave a pit when it's all over; but out here in the West, you leave these pits."

Of course, the difference is our metallic ore bodies go to depth. They aren't tabular and horizontal, paralleling the surface, so you can't just transfer the waste back to where you've just taken the ore out of, because the ore continues to go to depth, and so that's been something that we've had difficulty informing the lay public about, the difference between open-pit mining and strip mining.

Swent: It's my feeling that for some reason strip mining has a horrible connotation with most people who don't know anything about mining.

Conger: It does.

Swent: It has just become a generic word for bad things to do.

Conger: And these terms get mixed up. There's strip mining, and there's contour mining. There's a difference between those two. Back in the Appalachian Mountains, which are rather heavily eroded mountains that are quite benign, really; they're hills more than

mountains as we'd call them out here--the coal seams outcrop a lot because of the erosion patterns, and so a practice back there is to just go along these outcrops and just keep cutting back into the hillside as far as you can till it finally gets so deep it's not economic any more, and so they leave these contours around these hilltops, these mountain ridges, and just dump so here's the spoil over the side, and here's this big cut. A lot of that coal has high sulfur, so it oxidizes and makes sulfuric acid and all of the bad stuff associated with that in the streams. So that's contour mining.

Strip Mining is Ideal for Reclamation

Conger: And then in the Midwest and out on the prairies, where there's strip mining--i.e., the ground surface and the coal bed are parallel, and the coal is close enough to the surface that you can strip the rock off--that just moves laterally, and that is really relatively simple to reclaim. You can just take dozers and flatten the berm ridges again. Now the states all have regulations that you take the topsoil off, set it aside, then mine, then flatten the ridges, then put the topsoil back on, and you've got these beautiful fields that are again available for farming and so forth.

So that's the ideal situation for mining. If all surface mining could be that simple, we would have a lot less problems. But in the old days they didn't do that.

Swent: They just left it.

Conger: Yes. The market said, "We're not going to pay you for doing that; i.e., we're not going to give you that much more in our electricity rates to pay for the coal and pay for that reclamation. So long as you pay for it, people would have been happy to do it because you probably could make a little money doing that, too. But nobody's paying for it.

And interestingly enough, back in the Midwest and East, today's ratepayers are paying for that. Every time coal is mined, a small piece of the price goes into reclamation, to go back and reclaim lands that nobody owns any more. It wasn't us that did it. But they're going back and reclaiming a lot of that land, and today's ratepayers are paying for it.

We're sort of working with that same issue now out here in the West in all of these small mines that are all over the Rocky

Mountain West that are unclaimed; nobody knows how they got there. They don't belong to anybody. How are we going to cover up those shafts and these other exposures that are dangerous or polluting waters. Who's going to pay for that? And so we're debating that right now. It's a lot different than in the East, where you have this coal mining activity and people not even knowing they're paying to have this ground remediated.

That isn't the case out here in the West, and so that's an issue that the National Mining Association is working with Congress on, ways to solve that.

Environmental Protection Also Well Advanced in Canada

Swent: This was just the beginning of the environmental era. I think 1970 was the Environmental Protection Act, wasn't it?

Conger: Yes, and the first Earth Day was, like, 1971? No, '73. I think the first Earth Day was 73, '72 or '73. So you're right. It was just right about when it was all getting started.

Swent: Were you aware of it at that time in Illinois?

Conger: Yes, yes, yes. Became aware of it there. Up in Canada, they were right up to the U.S. on all of that at that time, and we had a lot of environmental compliance to be not only aware of but to comply with. There were regulations that governed our water discharges and how to keep sediment from getting into the streams from our dumps and so forth. We were required to build dams to impound waters so that the sediment dropped out.

Swent: Even then.

Conger: Even then, in '70. So Canada, particularly British Columbia because it was provincial--those regulations were provincial--was every bit as advanced as the U.S. on that, perhaps even more so. By the time I got to the Midwest with Consolidation Coal Company, none of that was a surprise to me. That was just the way it was, yes.

Swent: Did you have to move, then--you mentioned that Red finished high school in British Columbia, and then he came down to the States to college?

Conger: Yes. While he was up there in that last spring semester, he came down to the states and took his SAT test and then enrolled in

Colorado School of Mines that following fall, and so he went right off to college. And he worked two summers at one of the mines there in southern Illinois.

Swent: Did Pres finish school in B.C., too?

Conger: He did. He then joined us in Illinois, but he graduated here--did half of his junior year and senior year here, in California, where we live now, and graduated from high school in Danville. And then he went to junior college for, oh, a year or so, but Pres never really cared about studies, and so he went to work at a mine up in Idaho, in southern Idaho, in the Owyhee Mountains. I'm trying to remember the name. It was a silver/gold property.

Swent: Which one was the painter?

Conger: It was Red, the oldest boy. He did all of his painting when--he must have been in the eighth or ninth grade.

Swent: You really had some nice paintings of his, I remember.

Conger: Yes, yes, he was really very talented at that. That was when we were at Eagle Mountain. He had an art teacher there that was just very good and encouraged him to do that, and it turns out he had a talent for it. USC used to have a summer campus up above Palm Springs in Hemet, just above Hemet, and Red got a scholarship one summer to go up there for four weeks or something like that and take an art course. Phyllis and I said, "We can't let this little guy go up to a camp by himself with college kids." But we did. He really was good. But he hasn't touched a brush since. That was short lived. But anyhow, we have those wonderful paintings that he did, in our home. So that was fun.

The Company's Reorganization Plan

Swent: So you were in Carbondale then.

Conger: Carbondale for a little over two years, yes. The reason for leaving there was one of opportunity, I guess. Consolidation Coal Company--and by this time Ralph Bailey had become president of the company; again, it's still a subsidiary of Conoco--he decided we needed to further consolidate this company into fewer regions--there were divisions. I think there were nine divisions for the different regions. So he was going to consolidate that into five regions, from nine.

The plan was--and this was just unfolding at the same time I was contacted about Homestake. That must have been, like, summertime, which would have been in '74. Probably wasn't summer; maybe it was fall of '74. Contacted by Homestake. It was more like '75, early '75. Ralph Bailey's plan was to consolidate the company into five operating regions. One was in the West, one was in Indianapolis, and the other three were in the Appalachians.

The plan was I was going to go to Indianapolis to run that region, which would have probably been fifteen coal mines or something like that. Then the next move would have been to Pittsburgh, which is where the company's headquarters were. If there was to be a next move, that's where it would be. But I used to go back to Pittsburgh for the meetings and all that stuff, so I got to know Pittsburgh pretty well. It wasn't on the top of my list of places to live. And Phyllis and I were both from the West Coast, so we really did miss being out here in the West.

And so the Homestake opportunity came up at the same time.

VII HOMESTAKE MINING COMPANY, 1975 TO 1977

Homestake also Has a Reorganization Plan

Swent: Who contacted you?

Conger: Well, I was contacted by Frank Schwab, who had done work for Paul. I didn't know Frank; nor he, me, except he knew more about me than I thought. But anyhow, I was at one of the mining meetings, probably the Mining Congress meeting, and Frank came up to me at a reception and introduced himself. Said who he was. And he said--

Swent: You said he "had done this work for Paul." We talked about this earlier, but what work are you talking about?

Conger: Paul Henshaw, the president and CEO of Homestake, had been thinking of how the company was going to develop, thinking of it in the context that for the last seven or eight years, maybe ten years, the company had really had a difficult time because of the various markets it was in, not the least of which was the gold market, where the government had controlled the price of gold artificially for all these years, and it was very difficult for the company to make money in its main gold operations at the Homestake Mine in the Black Hills in South Dakota.

Swent: When did Nixon release the price? That's not the word, but--

Conger: No, but he did. He unpegged it. That was about '68. What he did was shut the gold window because all the Europeans kept repatriating all their paper U.S. money for gold, and our gold reserves were going out the window, just lickety split. And so he shut the gold window and said we're not going to redeem our paper for gold any more. But that was in the late sixties. But still the gold price hadn't moved that much, even though that happened, but that started to unpeg it from thirty-five dollars [per ounce], so there was a dual market for gold. But in the U.S., it was still thirty-five dollars.

At any rate, because Homestake had been through these lean years, it had been a very efficient, modest company with very little income. That income was coming mostly from uranium mining, which too had changed because in 1968 the government quit buying uranium, so the company had to find commercial sales for its uranium, a whole new business.

But at the end of the sixties and in the early seventies all of a sudden Homestake started making good money in uranium because they had good contracts and good costs, and the lead-zinc operation in Buick [Missouri] started to really become very profitable for Homestake. And all of a sudden the company was making quite a bit of money. So now here's a company that had really been backed up to the wall, so to speak, financially all these years because of the circumstances I mentioned, and now it was starting to make a lot of money, and what were they going to do with the money?

Some of the directors--and I think Berne Schepman for one was very outspoken on this--recommended that Paul engage some firm to help he and the management team think about what the company was going to look like going forward, because this money was coming in, and they needed to know what kind of investments to make to best utilize these earnings and cashflow.

And so Paul engaged Frank Schwab, who was a consultant that did this kind of work. Frank worked with Paul and the management group and came up with a strategy for Homestake, going forward, to invest its money. So that was Frank's role in this. Then a second step in the process in most cases: "Now that you have this plan, you also need to staff it. In looking at your people, we think that you need some new blood here in this activity and new blood in that activity, and we can help you do that, too." But it is a logical second step.

So that was the second part, which is why Frank approached me at this meeting. He introduced himself, and we chatted for a few minutes and he said that he had heard of me and asked if is it true that I had worked in copper and in iron ore and--he knew I was working in coal because I was with Consolidation Coal Company then. "I know you've been in coal." He said, "Are all these things true?"

And I said, "Yes, yes, I've done that."

He said, "You know, that's unusual. Not too many people work in that many different parts of the mining business."

I said, "Yes. I guess so." Just sort of a nice conversation. And that was the end of that as far as I was concerned.

But then it was just a week or two later that he called me up and said, "You know, I've got a situation that I'm working on that you might just be the kind of person they're looking for."

And so I said, "Yes? What's that?" So he described this new organization that he had suggested to Paul--

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Conger: So he said that they needed somebody that had been able to successfully work in various situations, rather than just being focused on one kind of activity, like just working in copper or working in iron ore or coal or whatever.

Swent: He didn't name the company?

Conger: No, no, did not name the company. And that's not uncommon, by the way, at those early meetings like that. At any rate, he called back and said, "I've been thinking about our visit, and the more I think about it, the more I would like you to consider this opportunity where a company has been through some very tough times and now things are really turning up for them, and I've done work for them to help with a new strategy going forward because the company has become very profitable. We have a couple of positions as a result of my work with them that need to be filled."

So he said, "Would you be interested in that?" And I think he told me at the time that the company was located in San Francisco, which didn't--I didn't quickly say, Oh, it's Utah or Homestake. I didn't do that. It didn't occur to me. I didn't even think about it. So at any rate--

Swent: You didn't think of Kaiser! [laughs]

Conger: No, I think by that time he knew I had worked for Kaiser, from our conversations, so no, I didn't think of Kaiser. But that's an interesting thought [laughs].

So at any rate, I said, "Well, I'm very happy where I am. I'm very much appreciated, and they're doing some things here that I would be involved in." So I said, "I haven't heard enough to really say whether I would be interested in that or not." I said, "We are from the West Coast, so that's appealing."

Interviewing for a Senior Executive Position

Conger: So at any rate, he called back again in a couple of weeks and said, "Gee, I would really like you to consider this. I would like you to meet the chief executive officer." And he said, "And by the way, the chief executive officer is about to retire in three or four years, and so one of the people that are going to have a senior position--and this is a senior position I'm talking to you about--will be in line to become the chief executive."

So I said, "Well, that *does* get my attention. That does get my attention." Because the road going back to Pittsburgh was longer than that, probably. And still working in the subsidiary of a company, not the parent company. So I said, "That does interest me if that's the circumstance. So I would enjoy the opportunity to meet with the chief executive."

So anyhow, he sent me a bunch of stuff: what they were looking for, so I read that all over and came out here to San Francisco and met with Paul briefly, as Paul would do. And then the interrogation: by Dick Stoehr, whom Paul had lined up next. Paul talked to me to begin with for maybe twenty minutes at the most. Dick and I talked for four hours probably. Dick pulled out everything out of me that I ever knew, more than *I* knew about myself, as only Dick can do.

Anyhow, it was interesting. And I enjoyed--it was fun to visit with him, talking about all the things he had done and I had done, the people that we knew. And surprisingly, we knew very few of the same people because I had done nothing in uranium, I had done nothing in gold; I was in a whole different group of folks.

So at any rate, then after that, in the afternoon, sort of on my way out, I met with Paul again, and we chatted some more. I said, "You know, Paul, I'm really surprised that I'm here." I said, "I've read over what you're looking for, the type of person you're looking for, this businessman who has had all this experience in business, and," I said, "you've seen my résumé, and I have not had business experience. I've had all this mining experience, but I haven't had business experience like putting deals together and buying companies and selling companies and all that stuff."

So I said, "The description of the person you have is really something. If you ever find that guy, don't let him out of the room because that would really be some person. I'm sure that he's out there somewhere, but, by George, they're probably hard to

find. But good luck with it." We both laughed and shook hands. I left and I figured, well, that was the end of that.

So then Paul called back, or Frank did--I forget who at that point--to say they would like me to come out again and meet some of the directors. And so I came back out again. Met with Paul, of course, but then met with Berne and I think it was John Kiely and probably Howard Vesper--as a committee of the board.

Swent: John Kiely was with Bechtel?

Conger: Bechtel, Bechtel Power. And Howard was retired from Chevron, Standard of California. He was their chief engineer and director. So I met with them for an hour or so before the board meeting. Met in John Gustafson's office.

Swent: John was the chairman at that time?

Conger: No, no, he was on the board, but fully retired. And by this time he was really becoming incapacitated.

Swent: He had Parkinson's.

Conger: Yes, yes, and it wasn't quite that advanced then, but it was on its way.

Swent: What sort of condition was Paul in?

Conger: Paul was in good condition at that point.

Swent: Was he?

Conger: Yes, yes. Very alert, lucid, yes. But, you know, Paul always deferred to others, like Dick and other people, to do the heavy-duty questioning and so forth. That was always his style.

Swent: I'm trying to think now. Berne Schepman--what was his expertise, would you think?

Conger: Berne was chief executive of Envirotech.

Swent: He had been with Eimco.[1]

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[1] See Joseph Rosenblatt, *EIMCO, Pioneer in Underground Mining Machinery and Process Equipment, 1926-1963*, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1992.

Conger: He had been with Eimco and then Bob Chambers, when he put Envirotech together, bought Eimco and bought some other companies and put them all together and then, because the environmental movement was really getting going, he sort of directed it towards environmental activities.

Swent: But it was equipment.

Conger: But it was equipment. But Eimco, you may recall--one of their bellwether pieces of equipment were thickeners, and thickeners for sewage plants. It's a big item for sewage plants. So it was a natural for Chambers, who was just a business guy, an entrepreneur, not to see any of this mining stuff but see those thickeners in all these sewage plants all around the country that were going to need to be upgraded and all that stuff for this environmental movement.

I'm sure that's why he bought Eimco and had no interest in the loading machines and all of the other things that Eimco built, but their bread and butter was always thickeners. They had good technology and that was their core business. That's why he got that. But Berne was their CEO at the time.

Berne Schepman, Forceful Board Member

Swent: I'm just trying to think what their angle would have been in interviewing you. Berne was--

Conger: Berne was the guy that was pushing Paul the hardest, I thought. "Paul, you've got to think how we're going to shape this company now. It's not just sort of getting along. This company is going places. We've got this money to reinvest. We need a business plan, we need young people to come in and make all of this work." So Berne was probably the proverbial burr under the saddle kind of thing at the board meetings, but he would only have done it in a constructive way, never antagonistic way, but encouraging Paul to "let's formulate some plans. Bring some plans to us."

It's something we all do, I think. You've got some person that's really making noise, the squeaky wheel--he's going to get the grease. In this case, the grease is to let him interview these people coming in, so he's part of the plan.

Swent: What qualities would he have been looking for?

Conger: Berne?

Swent: Yes. What was he trying to do?

Conger: I think looking for somebody that would take a leadership role for the company and actually have some vision for where the company was going to go with what it had, what its place would be in the business environment; looking for organization and some direction, which the company really hadn't had. We had done a lot of different things, but there was no direction: "This is what we are." Everybody always said, "We're a gold company," but when we had the consultants come in--this is later now, the Boston Consulting Group--the first work they did was, "Well, what have you been doing?" And we had been spending money on copper, we had been spending money on potash, we had been spending money on uranium and on lead-zinc. Hadn't been spending anything on gold, and everybody thought we were a gold company.

So the reality belied what we were doing. Or vice versa. So at any rate, I think Berne was looking for some leadership to really focus on a plan and then carry it out.

Swent: And John Kiely and Howard Vesper? John was with Bechtel.

Conger: John was with Bechtel. Ran their Power Group for years and years.

Swent: Was he a technical--

Conger: Yes, he was an engineer, he was an engineer. Went to the University of Washington. And Howard, a Caltech graduate that worked for Standard of California for his whole career.

Swent: They were both with very big companies.

Conger: Big companies, big companies. And both good heads--they had good advice in the board meetings. They were a great help to Paul and then to me when I joined the board.

Swent: Had they been on the board a long time?

Conger: Yes, quite a while. I can't tell you exactly.

Swent: Longer than Berne.

Conger: Yes, Berne was there--much newer, you're right. Good point. Berne was much newer. You know, it's sort of putting it in his frame of reference. He now had been running Eimco. It was acquired by Envirotech. Bob Chambers, who was a "venture capitalist" [quote marks with fingers]--didn't call them that in those days probably, but he was--needed somebody to operate this new company, and so picked Berne, who was an operator. So Berne

was going through all of this for Chambers. Chambers was encouraging him to do all these things that Berne was then encouraging Paul to do. He was just transferring that knowledge to the Homestake situation.

So that's why I think he was the most forceful in the board room in that regard and during this interview we had. They all asked me questions, but Berne asked the ones with the most focus on them: what he was hoping to see happen to the company and what was my feeling about this or that, different things.

Swent: Do you remember any specific questions?

Conger: No, no, no, I don't. I don't remember any specific questions. But that was the sense of his questioning of me.

Swent: Did they take you out for lunch?

Conger: No, not the board, no, no. I just recall meeting those three. I probably visited with Lang [Langan Swent] during that visit, Dick Stoehr again. All I remember is all of that that I just described, and somehow I cooled my heels till the board meeting was over and lunch--because they always took the directors to lunch, and I didn't go to that.

Swent: Oh, this was the regular board meeting.

Conger: It was a regular board meeting, yes. That's when you get all your directors there. My meeting with them was prior to the board meeting. I sort of cooled my heels till Paul was free again in the afternoon, and then we visited again. I guess he made me an offer then. I think so. At that point he made me an offer.

Swent: Had anybody met Phyllis? Was she a part of this?

Conger: No, no, no. I had met Betty [Henshaw].[2] The night before the board meeting on the second visit, Paul and Betty took me to the World Trade Club, my first time there, for dinner. And so I had met Betty, but Phyllis wasn't invited, nor did I ask that she be invited to come out because in this second meeting I didn't know really how serious they were. I guess I wasn't expecting that I would get an offer. Even though I knew I was going to meet with some board members, I didn't expect I was going to get an offer. The first time I had ever met with any board members anywhere, so I didn't know what the rules were. But in any case, she didn't, until we accepted; then we came out to look for a place to live. She hadn't been out here and met anyone.

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[2] See Helen R. Henshaw, *Recollections of Life with Paul Henshaw: Latin America, Homestake Mining Company*, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1988.

So anyhow, by now it's fall of '75. So I accepted the job and had the unpleasant task of telling the Consolidation people--Ralph and the fellow that--I didn't work directly for Ralph; I worked for a fellow named Don Ewart, who I admired and got along with wonderfully well. He was a good friend. Had to tell him I was leaving. So anyhow, it was on good terms, and we're still good friends, so that all worked out fine.

So anyhow, in November we came out to San Francisco, and I started with Homestake.

Swent: November of '75?

Conger: Seventy-five, the first of November.

Swent: Where did you live first while you were house hunting?

Conger: There were only one or two motels out here near Walnut Creek. I knew we wanted to live in the East Bay because of the Kaiser experience, and most of the Kaiser people lived around here, so when I would come up to Oakland, I would come out to a home or two out here--colleagues that worked for Kaiser--so I knew I wanted to live in the East Bay. We wanted to. And since it's warmer out here and we had really enjoyed living in the desert, thought this would be better than over on the other side of the hill. So we knew this area.

There was a Holiday Inn over here in Concord, one of the few hotels here.

Swent: That's way out.

Conger: Yes. So we stayed there. But it was right on BART, and I knew about the BART system and figured that that would be the way I would go to work, on BART. And so we stayed at that hotel; I forget how long it was. Finally we decided to build this house over in Whitegate--not the one right now, but another one in Whitegate. And so we rented a house from our real estate agent while the house was being built; then we moved into the house.

Swent: It was a very nice house. I remember it.

Conger: Do you remember it?

Swent: Yes. It was a nice house.

Conger: Okay. It *was* a nice house, very comfortable, very nice house. We enjoyed it. And lived there for ten years before we moved to the

house we're in now, which had a little more room, and we wanted a tennis court, so--

Swent: Which you also built.

Conger: Oh, we built that second house too, yes. On Green Valley Road. But just a mile from where we lived before, so we didn't have to change friends or anything, just across the valley a little bit. So we came in '75.

Schwab's Plan for Business Units and Profit Centers

Conger: The other important thing about--or another important thing about the Schwab plan was that they concluded that they needed a new chief of exploration, and so at the same time they were interviewing me, they were interviewing people for the chief explorationist's job. Henry Colen had been doing that, but the thought was to have Henry doing foreign exploration, and we needed somebody to run the domestic exploration activity. As a result of that search, Jim Anderson was hired.

So he and I joined the company at the same time. He was in charge of exploration; I was hired as vice president and general manager of the base metals division, which was the lead-zinc mine and mill and smelter at Buick, our half interest in it, but it was run by Amax; and this project we had up in the Keweenaw Peninsula, copper deposit up in the Keweenaw Peninsula, northern Michigan. Those were really the two activities at that point in the base metals division.

Swent: That was White Pine?

Conger: No, it's way north of White Pine. Up on the Keweenaw Peninsula.

Swent: But hadn't it been White Pine?

Conger: No, no. White Pine is right up in that vicinity, but it's a different mine.

Swent: Centennial? What was the name? I'm trying to think.

Conger: No. Well, maybe it was Centennial. Quincy was somebody else's mine that was very close by. It was very near Houghton, just north of Houghton.

Swent: Anyway, that was copper.

Conger: Yes, that was copper, native copper. Those were the two activities ongoing at that time in the base metals division, newly created by Frank Schwab. His study said, "You've got three basic businesses. You've got the gold business, which is what you're known for," and which at that time was the Homestake gold mine. "You've got the uranium business, and you've got this base metals business now with the mine at Buick and these exploration activities that you have had and have now up in Michigan, in copper."

"So the plan is we'll form three divisions. We'll have a vice president in charge of each division, and we'll make those business units. And so each unit is going to be a profit center, so they're going to staff themselves with a comptroller and a marketing person and so forth for each of these businesses, just make them sort of mini-companies and profit centers. And then the fourth division will be the exploration group, to be headed up by"--who turned out to be Jim Anderson.

So that's how Jim and I got hired in. So we started out that way. Now we're talking '76. We functioned that way all through '76 until--well, about a year and a half, almost two years. It must have been two years because--well, part way through there we had a slight change. Dick Stoehr had been running the uranium division. I was running the base metals; Dick Stoehr, the uranium division; Don Delicate, the gold division; and Jim, the exploration division.

Sometime in '76, late '76, maybe the fall of '76, Dick Stoehr told Paul Henshaw that he would like to step down from managing the uranium division. He just would rather not do that. And so Paul understood that Dick didn't want to do that and asked Dick's suggestion on what should we do about running the division. He said he thought Conger could run that along with the base metals division--because not a whole lot was going on with the base metals division. Buick was being run by Amax. I could see that that Keweenaw activity was really not going to go anywhere, and so we were winding that down.

So Paul agreed with that, and so then I started running the uranium division, too. Of course, a lot was going on there, I think, because we had the mine at Pitch [Colorado] that we were developing, plus the Grants [New Mexico] operation, plus the Moab [Utah] operations that weren't operating then but we had been doing development work there. The uranium division was really very active and had a lot of good contracts that Dick Stoehr and Bailey Cozzens had put in.

Very, very clever strategy that those two had in doing that, and the company made so much money on uranium. It was really on the back of Dick and Bailey. They were so clever at taking mines that were not world-leader uranium mines. Their costs were not low, not because they were poorly run--they were very well run--but the grade of the ore and the circumstance, the mining circumstance dictated that the costs were going to be higher--not inordinately high, but higher.

But the very, very strategic way that Dick and Bailey knitted together contracts with the utilities for uranium so that we were not a large supplier to any of the utilities that we sold uranium to, and these contracts were put in place when uranium was running from fifteen dollars a pound all the way up to forty dollars a pound, and utilities were scrambling to get theirs before it got to fifty dollars a pound, so they were quick to sign contracts.

But Dick and Bailey foresaw the strategy that turned out to be just spot on, of distributing the production--and we didn't have all that much production, but distributing amongst a lot of utilities so that as uranium prices fell off later and these utilities started breaking contracts, ours were the last ones they wanted to break because they were so small, it wasn't worth the legal cost of trying to break them, so they honored them.

We wound up on the last ones getting up to sixty dollars a pound for uranium. They had just done an extraordinary job on that. In the latter part of the seventies we just really made a lot of money on those uranium contracts.

But at any rate, we had a lot of activities going on in the uranium division at that time, besides this marketing that I just mentioned to you, much of which was in place before I took over from Dick. And then as Three Mile Island happened, which was right in that period of time, that sort of started to spell the end of the uranium business, certainly for us with the kinds of reserves we had.

But I've digressed. We combined the uranium division and the base metals division, so now we had two operating divisions. Yes, the uranium and base metals, and the gold division, still run by Don Delicate. And then in November of '77 Paul became--let's see--no, he wasn't sixty-five yet. I guess he must have been sixty-four in '77. So I was made president and chief operating officer, and Paul became chairman and chief executive officer. That was in '77. So we continued that way until the following November, Paul became sixty-five and then became chairman, and I became president and chief executive [officer] in '78.

Coming to Understand Homestake as a Unique Company

[Interview 4: December 30, 1999] ##

Swent: As I was thinking about our last interview and recalling that you had been interviewed very extensively or intensively by the people at Homestake before they hired you, and I presume in the course of that that they also gave you their viewpoint of Homestake and its culture and the kind of company that it was. And I'm wondering whether when you came into the company, you found that they had represented it accurately or whether your sense of the company as you came in was the same as their sense of the company. It was changing. They were looking forward to changes, and you had come from quite different companies. Perhaps you could talk about that a little bit.

Conger: Yes. That's an excellent question and really is one that would explain how I came to understand Homestake, which I felt I really did. But it took some time and understanding on my part to realize what a unique company Homestake was. But as to the interviews with Paul and Dick Stoehr and the directors and Langan and the other people that had been in the company for a long time, the sense they gave me about the company and how they felt about the company and its legacy turned out to be what I came to see the company as being after I really understood the company and its various components.

What was told to me by all of these people in the course of those discussions really shaped my mind as to what the company was, so whether it was accurate or not isn't as important as the fact that I saw it the way they saw it after I came to know the company.

Swent: It was a good orientation, then?

Conger: It was a great orientation. And I had to change my thinking to really appreciate what it was. But I was able to do that very comfortably, without having to believe in things or do things or see things in a way that would have been contrary to any of the principles or things that I thought were important. It was a wonderful experience for me, but it took some time, first of all, to understand gold, which all of the Homestake people just took for granted. You know, gold is a set unto itself. It's called a noble metal for a very specific reason, and there's no way you're going to violate that. At first I didn't understand that. Never even thought about it, much less understood it.

Swent: What difference does that make in the running of the company?

Conger: Well, first of all, in any mining company the biggest challenge is to continually replace the ore reserves that you're mining up every year because if you don't--it's a wasting asset--if you don't, your company is soon going to just consume its own capital because you aren't generating more ore reserves to mine in the future.

Gold is Different from Any Other Commodity or Mineral

Swent: But that's the same for coal or anything.

Conger: The same for anything. But in each of those commodities--and we at Homestake don't call gold a commodity, but the rest of the world thinks of it that way--but for any of those commodities, you're right: every mining company has to do that. But for each of the commodities that is mined, you have to make a judgment as to the future price of that commodity to decide if this discovery you have or this deposit you're buying is going to be commercial through its life. And so you have to assume what the price of the product is going to be in the future.

Well, we've all gotten caught in that trap for various kinds of minerals. The price is going to be this or it's going to be that, and lo and behold, it turns out five years later it's not this or that; more times it's less than that. So the importance of it for Homestake is, Okay, what is the price of gold going to be in the future? When I joined the company, the thought was--and Don McLaughlin was the father of this thought--and of course he was the patriarch of the company--but gold is going to be valued more highly in the future because it has been artificially controlled by the government for so long, so once gold starts to trade freely again, it's going to command a higher price.

So that enabled the Homestake reserves to be expanded, if that were to happen, many new discoveries would be commercial, even if they were lower grade. So the importance of that in Homestake was: the price is going to be higher; it's going to stay at an equivalent level of the inflation factor, so that even though costs are going up all the time, the gold price will rise at least as fast as the inflation rate over time. So that's the basis upon which you would value new reserves.

Swent: But how is this different from copper or lead?

Conger: Copper and lead and zinc and sulfur and oil and gas--all of these minerals really are supply and demand. Gold is the only metal or

mineral that has such a huge stockpile on surface, in vaults, that could come to the market in a nanosecond if they wanted to. And so there is this huge inventory overhanging the market in gold, in the possession of central banks and wealthy individuals, that could come out onto the market at any one time. And so that makes gold very, very special as to the other commodities, because there isn't that overhang on the market. And where there is in these other commodities, it drastically affects the price of it.

Swent: So this is more like diamonds?

Conger: Well, diamonds are a little different in that they are carteled. There's a control--even today there is, but it's weaker than it used to be, but diamonds historically have been controlled in the marketplace so that their price is artificially held up at times. The argument that the cartel uses is, Sure, you paid more for your diamond, but it will hold its value. It won't be worth less ten years from now than it is today; it'll be worth that plus some, so we're helping you by carteling these diamonds. Once you've bought one, we're helping you protect the value of your diamond.

There is no such thing for gold. There is no carteled action that controls the buying and selling of gold, although governments--and we've seen this very recently--have acted in concert on gold selling, and so that has affected the market.

Gold as a Monetary Asset

Swent: You said earlier that Homestake doesn't like to think of gold as a commodity.

Conger: Yes. It has two uses. Historically it has had two uses. The first and the most common and the highest use of gold for decades has been in jewelry, the manufacture of jewelry. That is like a commodity, so it has that function. The lion's share--in fact, all of the gold we've been mining for the last five or six years--seven years now--all of the gold we've mined each year goes into the jewelry trade, so jewelry has been consuming more than we mine. The difference has been coming out of these stockpiles.

But the other use of gold is as a monetary asset, and the central banks around the world hold about a billion ounces of gold. By far the largest holder of gold is the U.S. government. We have about 260 million ounces of gold. We have about a fourth of what the world is holding in gold assets.

Swent: Even today?

Conger: Even today. And these ounces of gold in each of these central banks is actually on the government's balance sheet, if there were such a thing. You know, it's listed as an asset. So that gives it a second use that no other metal or mineral has, really--platinum and silver--none of those metals have that same characteristic.

So getting back to why gold is different and what I had to come to understand when I joined Homestake is why it is different. Well, we can assume that the price is always going to justify the mining and processing of this gold and make it profitable.

Swent: Now, when you were first as head of the base metals division, this continued what you had already had known.

Conger: Yes, that was consistent with my experience, so while I was futzing around with that and then soon after got into uranium business, when Dick stepped down from that, those are more like things I had worked with. But that allowed me time to listen to the fellows talk about gold. Paul Henshaw and Don McLaughlin and Dick and Don Delicate would have these conversations and sort of give short shrift to any logic that says the gold price isn't going to come back some day. They would just sort of disregard any argument to the contrary. It is going to continue to appreciate.

One of the fun things was that we got to see the gold really become freely traded again and take off. One of the especially fun things was that Don McLaughlin got to see that because for thirty years he had been the champion of gold, and everybody was just pooh-poohing him right out of the room. They wouldn't listen to him. He got to see this all happen, so we all felt good about that because it had been a long winter for him to hold out, saying that gold would again be more highly valued.

Swent: What was the context of these conversations? Where were they?

Conger: It would be in meetings we'd have for different subjects. My recollection would be in the board room, discussing things like the budget. Budget meetings would always bring out a lot of the problems a company has at its various operations and so forth, and we need monies to build a new tailings dam, we need monies to refurbish part of a plant. And when you need more money and you're looking at your projection of what your earnings are going to be and your cash flow, that gets you onto these topics of value and pricing and so forth.

We were not--nor are we today, probably--but we were not then sophisticated in marketing, so the--

Swent: That's another thing about gold: You never really had to market it.

Conger: Never had to market it. There was really no talk about marketing and the kinds of things you do to market. We would get into the philosophical discussion about gold. Well, that isn't a whole lot to work with when you're trying to budget prices going forward. Philosophy is one thing; reality is another, and what's going to happen today and next year--those are the things that really affect a budget and the budgeting process. So there wasn't a lot of that in those early days.

Swent: We're talking I guess 1976, perhaps?

Conger: Seventy-six.

Swent: Was there much realization at that time of the implication of the Environmental Protection Act?

Conger: No, no. As a matter of fact, the dawn was just coming to Homestake about that. The first budget meeting I attended, which would have been--I think it was just when I joined the company in November of '75. One of the first meetings I went to was a budget meeting, and of course I had nothing to do with preparing anything; I just came in that day and sat down in the board room for the budget meeting.

Don Delicate had come in from Lead, and all the other managers were there. And I remember Jim Salisbury, one of the directors, was at the budget meeting, which was interesting, that he would be there. I think all the directors were invited, but I think Jim was the only one that came, the only one I recall, anyhow--because of the remark he made. We were talking about environmental protection, and one of the items on the agenda, the budget, was a tailings dam at Lead, at the Homestake Mine.

Belated Awareness of Environmental Protection

Conger: So Jim asked the question--you know, it's millions of dollars, and Homestake had come through these lean, lean years where income was very small and cash flow was low, so that the company had cinched up its belt just as much as a company could. It was always a lean

company, run very, very close to the belt. Jim Salisbury raised a question. He said, "Do we have to build this tailings dam?"

And I'm sitting there thinking, "What else would you do? Of course you build a dam."

So somebody said, "Yes, yes, we've got to do it. The state is requiring that we do that, and the federal government now requires that."

And I'm thinking, "Haven't they had one?" I kept my mouth shut. Didn't say anything. Just listened. So then you put the plans up--a topo map, where the Grizzly Gulch was going to be and what work was involved in that. And I'm looking at that map, and I don't see a tailings dam anywhere, an old one. I didn't say anything, but I realized that this was the first one. This was 1975. There was no tailings dam. We had been discharging those tailings in that stream all those years, and we were still doing it. It was incredible to me.

I later found out that the mine used about 50 percent of the tailings as back-fill underground. But still, 50 percent of the tailings and all of the cyanide-bearing effluent were being discharged into the surface drainage. So Homestake was just coming into all of this. I would have to say critically, belatedly coming into it. It was late. Because you were building them down at Grants all that time. You know, they were being built everywhere. There was no place where they weren't impounding tailings. So it was just incredible to me that this had gone on. So, as I say, belatedly they were becoming aware of EPA and regulation.

Swent: Yes, that was late.

Conger: Very late, very late.

Let's see, where did we--I'm trying to pick up the thread of thought.

The Copper Prospect in Upper Michigan

Swent: Well, we're anticipating your becoming president.

Conger: Yes. I think we had discussed in the last tape that I came to the company working as the vice president for the base metals division, which had this one prospect going in upper Michigan. We

were never able to develop a reserve for that. It was native copper. It would have been very, very inexpensive to process this copper to metallic copper because it was in the native copper form, but we just never could develop a reserve.

We built a little test mill and milled some of the rock that we had in some of these older mines, and it worked beautifully. We could, with an arc furnace, reduce that to metallic copper very inexpensively. If we could have developed a reserve of that, that would have very likely been a profitable activity, but we couldn't. And so we wound that all down and were looking elsewhere. Of course, we had the Buick lead-zinc mine as the other arm of the base metals division.

The Buick, Missouri, Lead-Zinc Mine

Swent: That was very successful.

Conger: That was very successful. It was because of that success that the company started to generate good earnings again.

Swent: What was your responsibility there? Homestake was not operating-

Conger: No, we were not the operator; Amax was. So it was an oversight thing.

Swent: So you visited to make sure--

Conger: Just visited. We had to approve everything they did, so we had to oversee the operation and its expenses and so forth--and hiring of people--but they were all Amax people, so it was not an opportunity for Homestake to develop people or any of the things you would want to do out of an operation. So it was very passive.

The Pitch Uranium Mine in Colorado

Conger: So then, getting back to my responsibilities, it was shortly after that--maybe a year or so after I joined the company--that I then became responsible for the uranium division as well, which was developing a new mine up in the Colorado Rockies, the Pitch Mine. That was a major activity. We actually started mining there, stripping, and we were just about to commence the construction of

a new plant to recover the uranium from the ore, and Three Mile Island came along.

The atmosphere in our country about nuclear power and uranium really became very disagreeable, antagonistic. It made a future of uranium mining and processing look less attractive than it had before. I think I mentioned earlier that it was Dick Stoehr and Bailey Cozzens who really made the uranium business so profitable for us, through sales. We had good production from the mines; the mines were run well. But they were not low-cost mines because of the grade of the ore and the water conditions and so forth. But they were well run, and production was always predictable.

We had the product to sell, but the way we made so much money on it was the contracts that these guys were able to get, and the strategy they used. I mentioned that earlier. So during those years, coming up to the commencement of building this new plant for the Pitch Mine in Colorado, we had been making money. But the future certainly didn't look as bright at this point.

So we decided not to build the mill but to truck the higher grade uranium ore from Pitch down to the mill at Grants, and process it there, which we did. So we did not build the mill.

Swent: There was a lot of community opposition also, wasn't there?

Conger: Yes, but my recollection is that we could have built a mill. Other than our own business judgment, we could have done it, but we decided not to do it as a prudent measure.

Swent: This was near Gunnison.

Conger: Near Gunnison.

Swent: And Crested Butte?

Conger: Well, Crested Butte was up the hill, yes.

Swent: But they were having all their problems.

Conger: It was Climax or Amax who was having the fuss with the Crested Butte people because there was a large molybdenum deposit that they wanted to develop right near Crested Butte, which was becoming a tourist and ski attraction. As I recall, they got more flak, really, than we did.

Swent: I was thinking it kind of spilled over into Pitch.

Conger: Yes, it didn't help. It didn't help. But my recollection is we could have gone ahead and built the mill and completed the project as it was, but we opted not to do that. So that was all happening around '80 or '81, as I recall, the Pitch operations.

Fitting In With the People at Homestake

Swent: You were reporting directly to Paul Henshaw.

Conger: Paul, yes, yes. Had been from the time I was hired. I reported to Paul.

Swent: Some of these things came out in your other interview that we did a few years ago, but we should make it clear here that you were trained as a mining engineer.

Conger: Yes.

Swent: And you were the only person in the history of Homestake to become president who had this operating mining background.

Conger: Yes, that's true.

Swent: You were not a Harvard graduate.

Conger: I was not a Harvard graduate.

Swent: And you were not related to the Hearsts.

Conger: No, and my education was really scant compared to my predecessors because all of them had gone on to get Ph.D.s--not all of them, but at least back to Don McLaughlin they were all Ph.D.s.

Swent: But nobody had ever run a mine before.

Conger: No, never run a mine before. But much better educated than I am. So it was entirely different.

Swent: Schooling and education aren't always the same.

Conger: Well, as it turns out, they really aren't the same.

Swent: No. We all know that.

Conger: Yes. So that was really a turn of events.

We were talking earlier about--you asked that question, Did my discovery of what Homestake was, after having met all of the people at Homestake--did I see it as they saw it or not? I said yes, but I had to change to see it as they saw it, which I did because I agreed with them after I came to know the company.

I can't remember if I mentioned this or not, but I did mention Virgil Bileu in an earlier discussion. One of the things that made me very comfortable about Homestake and the people at Homestake was the fact that--and I didn't realize this at the time, because I didn't know this--but when I had mentioned Virgil Bileu to them in my discussions--you know, we were talking about do we know this person and that person and so on--Virgil's name came up.

What I didn't know was: after I had left, one of the them--probably Dick--contacted Virgil and asked him about me. Virgil was very complimentary about me and what I could do and what I did do and so forth. Because I didn't have the qualifications they were looking for. I was just half a person compared to those qualifications. It was not solely on what Virgil said, but it probably played a large part of Paul and the others' saying, "Yes, let's hire him."

And because Virgil is the kind of person he is--just one of the most wonderful guys you can ever want to be around--his wife, Ann, and their kids--just wonderful people--those are the kind of people I like to be around. That's why I was comfortable, not realizing it at first why, and then I later found out about Virgil, and they had talked to him, and he had sort of given me the stamp of approval that made it all fit so that I could fit into what the company was, what it had been. So that was one part of that.

Then, as we mentioned earlier, I had the Boston Consulting Group come in, and my new colleagues all scoffed at that. "What would these guys from Massachusetts know about the Homestake Mining Company?"

Swent: How did you select them?

Conger: Well, at that time there were just two groups that probably would have done that. Well, there were a lot of groups that could have done it, but they were prominent. One was McKinsey and the other was Boston Consulting Group, who were sort of a newer group.

Swent: Homestake had earlier had some at least brief association with SRI.

Conger: Yes.

Silver Bell supervisors and safety trophies, March 1, 1961.

First row, from the left: E. A. Robinson, B. L. Rickman, W. T. Barlow, H. M. Conger, G. R. Gemmell, A. B. Romney, G. W. Bossard, C. W. Chase, G. L. Moser, and R. R. Cederstrom.

Second row, from the left: A. T. Knight, J. W. Boss, W. H. Fortenberry, W. C. Waidler, D. G. Skinner, T. E. Conley, H. H. Rice, P. J. Arnold, J. P. Oswel, and S A. Anzalone.

Top row, from the left: G. J. Smith, D. R. Jameson, S. L. Burrill, R. Salter, C. W. Pilz, R. A. Barnes, and P. E. Knight.

Harry and Phyllis Conger, first gold pour at McLaughlin Mine, 1985.

Harry M. Conger [second from right], California Institute of Technology commencement, 1987.

Homestake officers and University of California faculty at the Chancellor's dinner announcing appointment of Neville Cook to the Donald H. McLaughlin Chair of Mineral Engineering, c. 1988.

From the left: Chancellor Michael Heyman, Wallace Macgregor, Harry Conger, Langan Swent, Professor Neville Cook, Dean of Engineering Karl Pister, Sylvia C. McLaughlin, Richard Stoehr, and David Fagin.

Harry Conger at the stock listing, Swiss exchanges.

Harry and Phyllis Conger on the first "road show" to Europe for listing Homestake stock.

Standing, from the left: Schepman, unknown, unknown, Ryland, unknown and unknown.
Seated, from the left: Neerbout, Fuerstenau, unknown, Conger, Humphrey, and unknown.

Eagle Mountain plants and pit.

VIII PRESIDENT OF HOMESTAKE, 1977 TO 1986

Seeing the Flaws in the Division Organization

Swent: And then Schwab--but Schwab did a different kind of thing?

Conger: No, he did really the same thing. Frank did what was sort of the "in" thing to do then, and the in thing then was to create these big companies and look at them as to their functions and their activities, and create profit centers for the different activities so that people had bottom-line responsibility and opportunity to perform. That's a good incentive, and people do a lot better when they can control everything that happens, and they show a profit or a loss for their activity.

This was going on throughout industry, this concept of: Don't just have a company with a straight up and down structure, but make it more horizontal, with each of these units being autonomous. They would have all their own services, and out of all of this they're going to produce a profit because they can see what their contribution is.

So Frank had just followed that and set up these divisions for the company. There was the gold division and the base metals division and the uranium division. Here are these three distinct divisions. Make them profit centers. So after I got there and we started working with this, the building of these divisions meant staffing. You needed your own comptroller, you needed staff people to do what the company's staff people were doing, only just do it for your group.

Well, after watching this for a while--and I wasn't hiring people to staff the base metals division because there wasn't enough going on to justify that. Dick in the uranium division and Don at Lead--

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Swent: You were saying Don and the gold division--

Conger: We created these divisions, and this was all just starting, so you had to staff up. There wasn't anything in the base metals division, but I was dragging my feet. I wasn't hiring people because there wasn't enough going on to justify any more people. Dick--in the uranium division, there was a lot going on, but he sort of had the staff in Bailey [Cozzens]. Bailey was chief cook and bottle washer. He would keep the books, and he--he came up through the accounting side of the business, so he was the comptroller and the sales person and the contract writer and all of that stuff, so between Dick and Bailey, they were a two-man band that could do all of that themselves.

And Don Delicate at Lead, he had a pretty well full staff. He had a chief accountant, and he had a lawyer, and he had all kinds of stuff, so he was all teed up for that. But the little base metals division, other than Buick, there were really no operations going on except for the exploration.

So at any rate, I watched this for a year or so. The thing that really caused me to scrap all of that was the fact that we were going to become a gold mine company again, first and foremost. So we needed everybody in the company to really focus on that.

Swent: This decision had been made--

Conger: I took it to the board when I became CEO, and that was in November of '78.

Swent: Let's backtrack just a bit because--you became president.

Conger: Yes, in '77, but chief operating officer. Paul became chairman and remained CEO.

Swent: Chief operating officer.

Conger: Yes.

Swent: There must have been other contenders for the presidency.

Conger: There was. I think that it had pretty well been decided early on and was a consensus of Paul and the board that they needed to hire two people as a result of the Schwab report and the new recommended structure. They needed to hire one to be the chief explorationist, and they hired Jim Anderson for that. And they needed somebody to run this base metals division, and they hired me for that. Both of us I think were looked at as potential

successors to Paul. I wasn't told directly that that was it, but I was told that Paul was going to retire in a year and a half, when he was sixty-five. So, you know, it was implied that I would be in the running for that and that Jim would be in the running for that. For that matter, Don and Dick as well.

But given that they were telling us this, it was sort of implied that neither Don nor Dick would succeed Paul. So that's the way we started it all.

Swent: You didn't have the opportunity to build up a fiefdom of your own in the base metals division.

Conger: No, no, no, I did have the opportunity, but didn't because it had not justified building up anything.

Swent: How did you show your management skills?

Conger: Well, at first it was difficult to because there wasn't a whole lot going on, and so that was difficult. You don't really ever know, I guess, how these things happen specifically, but the fact that when Dick decided he didn't want to run the uranium division any longer, went to Paul and said that he would like to be relieved of that and recommended that I take it over, somehow I had convinced Dick that I could do that. Certainly not from any management I had done at Homestake because there was so little for me to manage. But I had in other circumstances managed a lot of different things, so I had that background, even though I wasn't doing it at Homestake at that time.

By quickly stepping in, still as a vice president, to manage the uranium division too, led to my promotion to President and COO in 1977. Then upon Paul's retirement in 1978, I was elected President and CEO. And Jim Anderson was of course very disappointed with that because he had hoped that he would be the chief executive.

Dick Stoehr as Confidant

Conger: It was at that time that Dick Stoehr visited with me and said that he was going to resign from the board. He didn't want to be on the board any longer. It was just the kind of thing Dick Stoehr would do. In his own judgment and conscience, he didn't want to be part of the management decision-making process and then when we decide something that he doesn't agree with and take it to the board--he didn't want to sit on the board and have another swat at

the issue again--you know, try to convince me and the others, "Well, no, we shouldn't do this."

And we would say, "Well, Dick, we understand what you're saying, but we're going to do it anyhow." And then he sits on the board and hears the same issue being presented at the board, and he says, "Well, like I was telling the guys yesterday, we shouldn't be doing this." He didn't want to do that. Disliked it. He's just that direct and that honest that he didn't want to sit on both sides of the table, so he elected to go off the board at that point.

Happily for me, he agreed to stay as an employee of the company because all during my tenure at Homestake, Dick was a confidant. I visited with him continually about everything and got his view on it. He always had a view. As you know, Dick always has a view on everything. And so I always sought out his view on any issue. I can't think of an issue that I wouldn't have discussed with him and gotten his take on it. That was always just very helpful to me.

Swent: What was his title then?

Conger: Well, let's see. I think almost immediately after I became chief executive, he was a consultant to me. I think that was the title that he used.

Swent: He had been vice president and also a director.

Conger: And a director, that's right.

Swent: And he resigned both of those?

Conger: Yes. Well, we'll have to look that up. He continued for some period as a vice president. But his portfolio wasn't anything specific. And I encouraged him to just "Just go and do anything with--what you see happening, just be there. If you have some ideas, bring them to me."

Swent: It must be very helpful to have somebody like that.

Conger: Oh, it was. Everybody that's trying to run an organization needs somebody like a Dick Stoehr--because one person can't see everything that's going on. In fact, it's difficult because some people try to conceal what's going on till they fix it. You know, they don't want you to know about it till they fix it. Well, you really need to know about it earlier than when they're going to fix it. So having a person like Dick is just great. During those years I tried to think, what would I do if Dick quit?

Who would I pick to be a Dick Stoehr? I never could think of anyone because he was a very unique--is a very unique person.

So Dick continued to do that right up until I retired, do that for me. And it was just a great help.

But at any rate, we're getting to this reorganization of the company. Because we had the McLaughlin discovery now, this would be the first major project the company had put on since the uranium days, or Bulldog--I can't remember which came last.

Swent: Bulldog was in Creede.

Conger: Yes, in Creede, the silver-lead mine.

Swent: You became president in November of '78.

Conger: And CEO. I was president in November of '77 and chief operating officer, and then a year later became president and CEO. And Paul then became chairman.

Swent: The decision to become a focused gold company had come--

Conger: In '78. We went to the board in '78. The board meeting that I was elected CEO, we presented this to the board.

The Boston Consulting Group Analyzes the Company

Swent: And this is as a result of the Boston Consulting Group?

Conger: Yes.

Swent: Whom you had had when you became president and chief operating officer.

Conger: Right, right, yes.

Swent: We started to talk about that, and then--there was McKinsey and there was Boston--

Conger: Oh, yes. And so we picked Boston.

Swent: You picked Boston. Did you know people there?

Conger: No. And I tell you who was very helpful in that process, was Martin Koffel, who had worked in the base metals division under

me. He was part of the group we had. We had the marketing group headed up by Russ[ell] Wallace, and Martin Koffel also was in that group. He was very helpful to me in those early days in thinking strategically. A very good strategic thinker. I would say he really was the one that steered me to the Boston Consulting Group after we had interviewed people for it. I concurred with his suggestion that we hire them. We got a good crew of people from them that worked with us for about two and a half months, I think it was, or maybe three months, leading up to that board meeting in November.

The head guy for that was a fellow named John Roach. John was the team leader that did the study for us. And as I mentioned earlier, there was a lot of skepticism amongst my new colleagues, the old Homestake group, about what these guys from Massachusetts could come out and tell anybody from Homestake about that really was relevant to what we were doing.

So I weathered that storm of cynicism. The Boston Group brought up some stuff that really was great for a board presentation, which was what those consultants are trained to do. But brought up things about Homestake that the management and directors really hadn't thought about.

Swent: What were they?

Conger: First of all, they examined from the outside our reputation as the premier gold mining company in North America. The only competitor was Dome up in Canada. They looked from the outside in. They said, "Geez, everybody thinks Homestake is a gold mining company. Are they?" And so then they started looking at the data that would support this. From the management standpoint, we had been spending so many millions of dollars over the last fifteen or twenty years on exploration, looking at sulfur, potash, iron ore and copper and all kinds of metals--virtually nothing for gold, had spent nothing for gold to be replacing the reserves that we were mining up every year at the Homestake Mine.

Swent: We haven't mentioned this, but actually Homestake at that time was also involved in Peru and Australia.

Conger: Just starting in Australia, just starting in Australia.

Swent: In base metals, were you involved at all in the Peruvian--

Conger: Yes. Yes, yes, Madrigal, yes. That's right. I'd forgotten about Madrigal, but you're right.

Swent: Was potash still going up in Canada?

Conger: No, we were out of potash. We had gotten out of that. Dick Stoehr had successfully extracted us from that business. But I had forgotten about Madrigal. And the Australian investments started in, oh, '76 or '77, on a modest scale to begin with, and it was a losing proposition to begin with.

Swent: Under this division structure, you were not responsible--

Conger: No, that was gold. That was the gold division.

Swent: What about the Peruvian thing?

Conger: I'm sure that must have been base metals because it was a base metal mine, although I think maybe Henry Colen later--

Swent: I think it had silver in it, too.

Conger: Well, it probably did in the concentrate.

Swent: What was Henry Colen in this?

Conger: Well, Henry I think was running the Madrigal. I remember he and I went down there early on. I guess that probably was still his responsibility. It wasn't in the base metals division. Probably should have been. But Henry had done so much of the Latin America exploration work--

Swent: So this division structure was--

Conger: It was sort of--a little fuzzy. [chuckles]

Swent: All right. Well, let's get back to Boston Consulting. I got you on a sidetrack there.

Conger: Their display of the information about what the company had been doing sort of brought everybody's attention to the fact that well, everybody thinks of it as a gold company; we're not doing anything to make sure that remain a gold company. Paul Henshaw used to like to tell the joke about Ian MacGregor, who was then chairman of Amax--used to tease Paul about being an alchemist because all his earnings were coming from Amax's operation, this lead-zinc mine in Missouri, and Paul was getting a gold multiple for it in the stock price. And poor Ian was trying to get their stock price up and couldn't do it, and Paul was changing this lead into gold.

So that was always a fun exchange between those two. But it was true. Ian MacGregor was absolutely right. That was happening. We were getting this multiple. And our earnings were coming from lead, zinc, and uranium at that time. Until the gold

price started to move up, not that much from gold. So the Boston Consulting data showed all of this.

Committing to Exploration for Gold on the Carlin Model

Conger: So we said our plan was, the new management plan would be that we wanted to commit a significant amount of money to gold exploration.

Swent: Of course, the price of gold was moving up.

Conger: It was starting to move. It was starting to move, which made all of this reasonable for the directors to say okay. So we wanted to spend $60 million over the next five years, looking for a new major gold deposit. This gold deposit had sort of a description that went with it. It wanted to be a surface mine, very low cost, because that would help offset the continuing rising costs of the Homestake Mine because of its depth, the heat, and all of the problems. The ore bodies were getting smaller. All of those things said that that mine's costs were going to continue to go up, so we needed more gold production to offset that, at lower cost.

Well, the other part of that idea was that there really hadn't been any major gold deposits discovered in the last thirty or so years.

Swent: Carlin.[1]

Conger: At Carlin. You're exactly right. And that's what we used, that example. It was in the sixties. The reason there hadn't been more discoveries is that at thirty-five dollars nobody was really excited about finding more gold, and so it was not a metal of choice because of its controlled price. But you mentioned Carlin, and that was the example we took to the board as a reason we thought we could be successful in finding new gold reserves, because nobody had really pursued the Carlin model. Carlin was discovered, it was very successful, even at thirty-five dollars, but nobody was rushing in to tie up all that ground over in Nevada around Carlin. Even Newmont, who discovered Carlin, wasn't aggressively trying to expand its success around Carlin.

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[1]See Frank Woods McQuiston, Jr., *Metallurgist for Newmont Mining Corporation and U.S. Atomic Energy Commission, 1934-1982*, 1989; and John Sealy Livermore, *Prospector, Geologist, Public Resource Advocate: Carlin Mine Discovery, 1961; Nevada Gold Rush, 1970s*, 2000, Regional Oral History Office, The Bancroft Library, University of California, Berkeley.

So we said, "Here's a new model. Here's a new geological model that we would intend to really pursue." That's why we thought we could be successful. And so the board agreed to that, and we took off on that. Let's see, it was a year and a half later, I guess, that we first discovered the mineral at McLaughlin, so that got us started on that.

Simplifying the Corporate Structure

Conger: Because McLaughlin had developed into a project, I really felt that the structure of the company, this division structure, was just too cumbersome and too expensive. We didn't need that. So we did away with that, and I hired Bill Humphrey to come join us as an executive vice president of operations. It would be all operations. Of course, Jim Anderson was made executive vice president of exploration. Those two guys were my most senior people in the company.

Swent: How had you known Bill?

Conger: We had met a time or two at mining meetings. I had been down to his mine in Cananea for a visit, a tour, one time; and then by reputation. As I mentioned in our earlier conversation, I knew of three people--Bill was one--any one of whom I felt would be able to do what we needed to have done. I had a search firm interview each one of them because they were all working somewhere, all three of them. So out of that process, I picked Bill to come join us, and he did. So that's the basic structure we had to manage the company from then on, in that same form.

And then when Bill retired--well, several things happened after that. We probably will get into that with some of these acquisitions. Maybe this would be a good time to go into the acquisitions?

Swent: We could do that.

Conger: Because McLaughlin--the development of that project is chronicled in my interview and the other interviews.

Swent: Pretty well covered.

Conger: No sense running through that again.

The McLaughlin Mine, a Technological and Environmental Success

Swent: Looking back at it, was McLaughlin the success that you had hoped it would be?

Conger: No, no it was not. It was not a commercial success. We didn't lose money at McLaughlin, but it never saw the gold price that we had predicted would be. And this goes back to that old philosophy discussion we had earlier. It never was commercially successful. It was technically very successful, and it provided us an opportunity to show ourselves, what you could do when you had to. The fellows at the mine were able to get the costs so much lower than we had ever projected that they could do, because they had to. It was sort of the same thing we did at Lead years before, when the gold price was contained at thirty-five dollars an ounce.

You would be surprised how much you can pull a belt in. The people at McLaughlin did that extremely successfully. And of course technologically they established a new technology for gold recovery; that is, the recovery of the refractory gold.

Swent: The process.

Conger: Yes, the process. And perfected that. Of course, a lot of other mines now use that process, but this was the first one.

Swent: How did this benefit Homestake?

Conger: Well, it--

Swent: Or did it?

Conger: Well, yes, it did, but these are fuzzy things; these are not dollars-and-cents things, and that's what the name of the game is about, to make money, get a good return on your investment. As I said, we didn't get a good return. We didn't lose money, but we didn't get a good return on our investment. But the things that did accrue to our benefit was: the technology that we were able to perfect; our ability to cope with the lower gold prices that were not forecast; and probably the biggest dollar benefit--and this is fuzzy, too--but the biggest dollar benefit was the environmental achievements that we were able to get at the mine, to actually do.

This was a state-of-the-art mine, and it truly was--not only technologically but environmentally. Because of the way the mine was set up, greenfield mine start to finish, was really a mark of achievement for the people that did the mining. And again, we've chronicled that, the McLaughlin Mine itself.

But the benefit that accrued to Homestake Mining Company was that we got national recognition for the mine and its environmental not only compliance but in many cases activities that were not even regulated but were environmentally friendly. We got a lot of mileage out of that. During the period of time--and this is still going on, but during the period of time we've been lobbying Congress to rewrite or modify or amend the mining law that's been in effect. We have brought people from Congress, congressmen and their staff people, out to the mine to see the mine and see what we've done, how we've remediated the impact of the mining activity.

It has sort of been one of the showcases for the industry. The American Mining Congress and the National Mining Association, its successor, have used it as one of the "see here" kind of places. This is what's being done now. The people who are against mining point out all of the old places that are a hundred years old or more as what's happening, and that's not true at all. This is what's happening.

So as I say, that's a fuzzy benefit. It wasn't a dollars-and-cents benefit, but it certainly has helped our industry. And you can't put money in that.

Swent: I was wondering about this process, the technology. Have you been able to patent much of that?

Conger: We had a lot of discussions early on about patenting that. And there wasn't a way to do that. Autoclaving. We used autoclaving down at Grants, recovering uranium ore, so that's an old, old process. There's a lot of companies that use that. Nobody had used it on gold ores before. All of the refractory ore recovery prior to that time was in furnaces, where they would just burn the sulfur off and oxidize the ore, and then in the old days they would just put the smoke to the atmosphere. So refractory ores had been mined for decades, but not processed through an autoclave. They went through a roaster and roasted off the sulfides.

No, the answer--we didn't see anything we could patent.

Swent: But you got public relations--

Conger: Yes, that was probably the best benefit we got out of it, is public relations.

Swent: Which translates into stockholder satisfaction?

Conger: Hopefully. Hopefully it did. It's hard to measure that. Shareholders want return on investment, and we do, too, but that project didn't provide that for us.

Swent: It was a wonderful community effort.

Conger: It was a great community effort. And we've covered all of this in the other recording. So that sort of got us going on the new program. By this time, because the gold price had gone up, everybody and their brother--

Swent: It was $800 [an ounce] for a while.

Conger: Yes, it got up to $850 in 1980. This was a high inflationary period. But by 1982 the copper business and the other minerals were not doing too well, so a lot of companies decided to get in the gold business and started prospecting for gold and developing gold properties. And so all during this period we were following our plan a lot of new companies came onto the scene. Homestake and Dome had been really the only two gold mining companies in North America, and now all of a sudden we started to see other companies come into the business.

Newmont, with its discovery in Carlin. It had been a copper and titanium--not titanium, but--well, anyhow, a lot of different metals and minerals. And then this discovery at Carlin. So they became a gold producer and a very profitable one with the Carlin Mine; it was very profitable, even at thirty-five dollars an ounce.

A New Era in the Gold Mining Business, 1979

Conger: I think we were talking about all these companies coming into the gold mining business.

Swent: Yes.

Conger: Sort of a new era as far as gold production was concerned. Homestake had been the largest gold producer in the U.S. for decades, and now all of a sudden there were a lot of new entrants. Our decision back in '78 to rededicate ourselves to continue to be the premier gold mining company--the idea was the right thing. We had no way of knowing what was going to happen in the gold market in '79 and '80. The gold prices started to rise, and by '78 had gotten up to almost $300 an ounce, which was extraordinary because everybody still had the memory of thirty-five dollars an ounce.

And of course, as that gold price started to rise, the reserves at the Homestake Mine started to increase dramatically because they now commanded a higher price, and so that started the new buildup of gold reserves for the company, albeit it was the gold price that did it, not anything we had done. But then in '79 we discovered what then became the McLaughlin Mine, and with the addition of three million new ounces of gold reserves for the company, we were off and running.

That strategy to refocus on gold seemed to be just right on track, and it was the right place to be. The buildup of gold reserves over the next--it would have been fifteen or eighteen years--has continued. Most of that buildup has come from the acquisition of companies that had gold reserves.

Acquiring Felmont Oil Company, a Bad Fit

Conger: The first acquisition we made was the Felmont Oil Company. The logic and the strategic reasoning for that acquisition was that we had always, since the early fifties, been in the energy business--i.e., producing uranium--and so as the uranium business played out and we got less and less income from uranium and actually were not replacing our reserves, we thought, Well, maybe oil and gas business could sort of take the place of that energy earnings stream.

But additionally, Felmont Oil had a 25 percent interest in the Round Mountain gold mine in Nevada, in central Nevada. And so that was sort of a two-benefit acquisition for us. It kept us in the energy business through oil and gas, but it also brought with it new gold reserves.

Swent: Did they come to you?

Conger: Hadley Case was the principal owner of Felmont Oil. It was a public company, but he owned a controlling interest in that public company through his private company, Case Pomeroy. Hadley had known Don McLaughlin because Hadley's father had hired Don McLaughlin years before to go to Australia to look at some mineral deposits for him in Australia, and I think he also hired John Gustafson to do some work for him. Hadley's father.

So Hadley had worked with and for his father all his life, until his father passed away, and then Hadley assumed full control of that private company. Hadley is a very astute investor and very much interested in natural resources as an investment, long-

term asset investment. So Hadley knew Don McLaughlin, and I think Hadley went to Don and suggested that maybe Homestake might want to buy Felmont Oil, the public company. Don brought that to me, related the conversation to me, and arranged for Hadley and I to meet.

Swent: Where did you meet?

Conger: I think the first time we met was in San Francisco. Hadley came out to San Francisco, and he and Don and I met. I think we had lunch--

Swent: Where did you have lunch in those days?

Conger: I would imagine we had lunch at the Pacific Union Club. That was back before it was a social club. Now it's a social club.

Swent: Lots of business got done there.

Conger: Well, in those days, yes, that's sure true.

So we met and talked more about combining--you know, acquiring his company. I'm just trying to recall how the negotiations got started. By this time, I had my team put together. We had talked about reorganizing before, with Bill Humphrey and Jim Anderson being the two senior people. I had a staff of several people, one of whom was Lee Graber, who we made a vice president of the company, and he really was our "deal guy." Lee entered into negotiations with Hadley and his people--not Hadley so much, but his people.

The principal person would have been Lynn Walker, who was president of Felmont Oil. That negotiation probably went on for several months before we arrived at a price to acquire the company. Because we had no oil and gas people in our group, that meant that we needed to keep their people to continue to run the business. Lynn Walker was not a large shareholder in Felmont. He was a professional manager. In the discussions with him, he agreed to stay with the company and continue to run it.

Swent: Where were their offices?

Conger: Their offices, of all places, were in New York. Now, during the time of the negotiations, they were making plans to move the office from New York out to Stamford, Connecticut, which is where Lynn Walker and his son, Randall, who worked for the company, lived. So they were migrating the office from New York to where they lived.

Felmont Oil had shared offices with Case Pomeroy in midtown Manhattan. Once we acquired Felmont Oil, there wasn't any necessity for them to be in the Case Pomeroy offices like they were before. They shared this office. So they were migrating to Stamford. Well, all of the oil and gas activity was down in Texas and Louisiana, not in Stamford, so shortly after we acquired the company--

Swent: Excuse me, I just wanted to ask where were these negotiations taking place?

Conger: The early negotiations were taking place in San Francisco. The final negotiation, where we actually had the handshake, was in a hotel in midtown Manhattan. I had gone back for that meeting, which was to be the final meeting, and had rented a suite with a large table and so forth. I got into New York late the night before the meeting, and then everybody came to my suite at eight in the morning or nine in the morning, and then we met all day long and finally worked out the final details and shook hands on the deal. It was consummated in New York, that final meeting.

Swent: Was this the first time you had been brought in on it?

Conger: Oh, no, no. I had been in and out of it, but not with the nuts and bolts negotiating. I am not a negotiator, and I know I am not a negotiator, and so I didn't do the negotiation. But I of course agreed or disagreed with what the process was and the results of the process. I had the final word on whether we would do that before I take it to the board.

But at any rate, I was in on the last one because by that time we had agreed on all of the economics of the transaction. And then what remained to be worked out was who was going to do what and where they were going to be, and of course that was where I would have the most to offer, to make all that happen. That's really what happened on that last day. The economics had pretty well been agreed to before that.

So we made that acquisition. They had just moved to Stamford, Connecticut. So after a few months of watching this and talking to these people by phone and not getting a lot of satisfaction out of what I was hearing--

Swent: I interrupted you earlier. You were saying most of their operations were in Louisiana and Texas.

Conger: They all were.

Swent: But there was the gold mine in Nevada.

Conger: And the gold mine in Nevada. And here they were in Stamford. And I was fussing about that. So Lynn Walker--who, by the way, in the acquisition--Hadley Case, Lynn Walker, and Bob Clark, Hadley's son-in-law, all came on--I invited them onto the Homestake board because--

Swent: All three of them.

Conger: All three of them. We had issued the Felmont shareholders, all of them, Homestake stock. We exchanged stock for the transaction, tax-free transaction. Hadley's company owned, I think, 50 or 51 percent of Felmont Oil, so Hadley's company got half of the stock we offered, and then the other public shareholders got the rest of it. But that made Hadley's company, Case Pomeroy, a major shareholder in Homestake, the first time we had ever had since the Hearsts, probably, that much concentration of stock in one set of hands. I think at one point that was probably 12 or 14 percent of the company's stock.

So those three people came onto the board. At any rate, Lynn Walker and I talked about where the office should be, and Lynn agreed too that it should really be in Houston. So they then migrated the office to Houston. That's where it was for the period--that time we continued to have the company.

The oil and gas business. We miners proved what the oil people found out. They found out that mining is a terrible way to make a living--the oil and gas companies--and we found out that miners are no better in the oil and gas business. We were unable to successfully replace the reserves that we were delivering to the market. We were not having success in exploration, and we were continuing to work off the reserves that we already had.

Swent: Did they not have an exploration division?

Conger: Yes, yes, and they were exploring, but not successfully. And so as we came to understand the economics of that business, it didn't have the right kind of format for our business. That business requires a tremendous amount of reinvestment continually to continue to replace and actually expand your reserves. If you want to have your stock price go up, you need to expand your reserves, so a lot of their money goes back into exploration. If you're not having success, that money burns up very rapidly. That had a potential of taking money away from us to keep us from our real objective, which was to expand the gold business. And so it was a bad fit. The oil and gas business was a bad fit for us.

The Round Mountain, Nevada, Gold Deposit

Conger: The saving grace of this was that we had this 25 percent interest in this gold deposit over in Nevada, Round Mountain. During this period of time that we were in the oil and gas business, and now the gold activity--we Homestake people took that over from the Felmont people; we relieved them of that responsibility.

The property was divided up into three interests. There was the Felmont Oil interest at 25 percent; there was the Case Pomeroy interest, Hadley's company's interest--they owned 25 percent outright; and then Louisiana Land, which is another oil and gas company, owned 50 percent of the project. This project had been operating for--let's see, for at least eight years, maybe seven years, seven or eight years and had never made a penny. It had lost money. It was a very low-grade deposit. They were heap leaching it, one of the first heap leaches, a technology which has become very widespread and successful. But because this was extremely low grade--they measured their grades of ore in milli-ounces, not ounces but milli-ounces--so it was a very low-grade deposit. It averaged maybe thirty-five milli-ounces per ton.

So at any rate, it had operated all this time without making any money. We had not operated it. The Louisiana Land people had been operating it. And so we were just really new on the scene and really hadn't had that much experience with the mine, when Louisiana Land decided that they'd had enough of that--and so they decided to sell it, and they found somebody who was willing to pay I think it was $55 million for that 50 percent interest.

Swent: Did you consider buying it?

Conger: We did, and we told Louisiana Land that the way we read the operating agreement with them, that we had right of first refusal, so we had the opportunity to match that $55 million. After a lot of study and what-if-ing about the property, decided not to match the offer that was made by Echo Bay, a new gold mining company, who had one mine up in Canada, in the Northwest Territory. So we decided not to match, and so Echo Bay took it over and to this day still owns the 50 percent interest in that property.

So at any rate, the Echo Bay people came down to their new mine, looked the situation over, and made some changes that were very beneficial, and the mine started to make money. One of the key things they did was just increase the height of the piles that they were leaching; they doubled it. And lo and behold, the gold production doubled. It more than doubled. So it turned what had been a very doggy operation into a profitable operation, so they

did a very good job at that. Since then, the property has grown and been expanded quite a few times since then.

So that turned out to be the best part of the Felmont Oil acquisition. We continued to produce gas from the Felmont properties and made good money from that. We did not reinvest as much back into exploration as an oil and gas company would have. It became obvious that we were just depleting those reserves, so we decided to sell the leasehold that we had--not the company, because there was no company after we had acquired them. We decided to sell the assets, the oil and gas properties, which we then did.

I think the final tally on what that experience cost us was probably a wash, probably a break-even, because we did have earnings and cash flow from the oil and gas operations and then the sales price of the properties, plus the value of the gold property--we probably came out even or made a little money on that. So that worked out. Not well, but we got out of it without being hurt.

Swent: What did you learn from it?

Conger: I learned a couple of things. Probably the most important thing I learned was that when you acquire another group, their culture is a lot different than yours; but it's more than culture, it's being independent. That isn't a culture, that's a lifestyle. They did not want to come under our influence. And the mistake that I made was to leave their group intact, first in Stamford and then in Houston, so we were never together. We never just walked into one another's office and talked about things and asked and learned from one another. And that's bad. So it was always "we" and "them". That was a real mistake.

Having learned that, it really paid off when we acquired Corona.

IX CHAIRMAN OF HOMESTAKE, 1986 TO 1995

David Fagin as President

Swent: Where did David Fagin come into the picture?

Conger: That's a good point. Dave joined us shortly after we acquired Felmont Oil. I was not getting the response from the Felmont people in language that I could understand about what was going on with the business. I had known Dave. He had worked for Rosario Resources. And Bob Reininger, who was Rosario's chairman and Dave's boss--I had put him on the Homestake board. After Rosario Resources was acquired by Amax, Dave went back into the oil and gas business, which is where he started out, as a banker in the oil and gas business, and started his own exploration company in Denver.

I needed somebody in our group that was in San Francisco that knew the oil and gas business, and so I hired Dave as president, to come in as president and principally be responsible for the oil and gas business. But he was also the chief operating officer, so he was over all of the operations. This was not well received by either Bill Humphrey or Jim Anderson, understandably--to have another person come in over them. As a result of that, Jim Anderson left the company probably about eight or nine months later to pursue other interests because he was disappointed that we didn't make him president.

So Dave came in for that. His review of the business told him that it was not going to be the kind of business that would help us with our primary goal of being the premier gold producer. I concurred. Dave then oversaw the disposition of these assets. And then, after we disposed of all this, I felt that Dave wasn't the right guy to run our gold operations. His background had really not been in that.

Swent: He was president, and you were now what?

Conger: I was chairman and chief executive when he joined us. I think he joined us in '86, I think it was. So he was president and chief operating officer, and I was chairman and chief executive. I forget just how much later after we had disposed of the oil and gas business that Dave left the company.

Acquisition of Corona Mining Company

Conger: So this brings us just about to the time, within a year or two, of when we acquired Corona. Again, we were looking for ways to increase our gold reserves. We had not been as successful in finding new reserves as we had hoped. The reserves in Australia continued to grow through our interests over there, but in the U.S. and other places we had not been that successful in finding new gold reserves.

This opportunity to acquire Corona, which had operating mines in Ontario--the--

Swent: Hemlo?

Conger: The Hemlo mines, yes. Thank you. The Hemlo mines, two of them: the Williams and the David Bell Mine. Corona had, through a lawsuit with Lac Minerals--they had won a lawsuit that gave them title to these two mines. It made Corona, and it really was a devastating blow to Lac Minerals. At any rate, they had this mine, and then they also had discovered--well, actually, they bought it--a gold-silver mine in British Columbia. It was called Eskay Creek. And that mine is just a jewel box. It runs three ounces of gold equivalent--two ounces of gold and another ninety-six ounces of silver a ton. It just was a massive sulfide that was just so rich.

The portfolio of Corona was those two operating mines and the as-yet-undeveloped Eskay Creek mine. Corona was well along the path of doing the mine and plant design for starting up that new mine, so it was brand new. There was no production from it or anything.

We heard that the company might be for sale.

Swent: How do you hear this kind of thing?

Conger: Well, just scuttlebutt. I don't recall specifically where that came from. Lee Graber perhaps picked it up, or Dick Stoehr might have. But we became aware of the fact that it was available. It

was for sale. The principal owners would be willing to sell. And the principal owner was a fellow in Toronto; Ned Goodman was his name. He owned a controlling interest in Corona, and he was really behind putting five smaller companies together to make Corona.

So he was willing and anxious, actually, to sell his interest to a Homestake or somebody who would take stock for his interest, and so Lee Graber negotiated that for us.

Swent: Were there others wanting to acquire this company as well?

Conger: Actually, they didn't shop it around, no. They didn't shop it around. That was interesting, that they didn't shop it around. But they didn't. I attended several of the negotiations with Lee.

Exploration Policy Changes from 1961

[Interview 5: January 7, 2000] ##

Swent: I brought with me this morning an interesting document dated January 3, 1961, *Exploration: A Program for Homestake* by Paul C. Henshaw. This was a presentation, I presume to the board. John Gustafson was president.

Conger: I would imagine he was.

Swent: It's eighteen pages of policy and practice and program, outlining an exploration program. We just thought it would be interesting to talk about that and compare what the situation was twenty years later, when you took over.

Conger: That is so interesting, Lee. I was unaware of this report that the management took to the board.

Swent: Just as a technical matter it's interesting because it's done on a typewriter, obviously with carbon paper.

Conger: With carbon paper, maybe as many as six or seven carbons. The poor secretary, pounding away laboriously to make it print.

Swent: I think this may be a photocopy, but it's clearly pre-computer, isn't it?

Conger: Pre-computer.

Swent: It looks a little shabby now.

Conger: It is interesting. Before we started this recording that we're doing right now, I glanced at it, not the full text but at the recommendations that Paul was putting forth. I'm quite sure that he was chief geologist then, and John Gustafson was chief executive--president and chief executive. Don McLaughlin would have been chairman, having just stepped down as chief executive. It couldn't have been much before this, maybe a year or two before this.

So here we see Mr. Gustafson sort of setting forth his direction for the company, going forward.

Swent: And what sort of direction was that?

Conger: Well, just recalling, he came most immediately from the iron ore industry, back in the Midwest in the Iron Range. Of course, a geologist of many talents and highly recognized geologist of all metals and minerals. But his most recent experience was in the iron ore business. At least his employer was in that business.

Swent: He was with Hanna.

Conger: Hanna, M. A. Hanna, yes. Thank you. Frankly, I had forgotten which of the iron ore companies it was, but it was M. A. Hanna.

Swent: His original fame was in Australia.

Conger: In Australia.

Swent: At Broken Hill, I think.

Conger: Yes, and also, interestingly enough--I may have mentioned this earlier, but he went back to Australia after he had worked in Australia at Broken Hill, as a consultant for Hadley Case's father, Walter, who then--later, it turns out, Homestake acquired Hadley Case's interest in Felmont Oil, and acquired Felmont Oil.

Swent: All these things get interconnected.

Conger: There's a circle on a circle in so many things, particularly people as well known as John Gustafson. He and Don McLaughlin and Paul Henshaw, for that matter, knew so many people and were so well known in the industry.

Swent: Well, there was also that Harvard connection.

Conger: The Harvard connection. Both of them were students of Don McLaughlin, Gustafson and Henshaw.

Swent: So Australia was a place he was also familiar with.

Conger: Very familiar with.

Swent: Although this doesn't mention Australia per se.

Conger: No, except that they're saying they're going to range afield. They did mention Canada specifically in there, offshore. But the tenor of this proposal that we're discussing right now that Paul Haunch and Gustafson presented to the board, most likely--the tenor of that program was to reach far afield for many kinds of metals and minerals: industrial minerals, metals--

Swent: Oil and gas?

Conger: No mention--was there mention of oil and gas? I don't remember seeing that.

Swent: Maybe not, no. I guess that came in a little later.

Conger: But uranium for sure because Homestake had been successfully engaged in uranium mining since the early fifties, so uranium was sort of at the top of their list of places to look. It is suggested in this that Dick Stoehr would be the qualified person to make the investigation on further uranium investments, which is certainly true.

Swent: And also a very strong emphasis on industrial minerals.

Conger: Industrial minerals. The point of bringing all of this up is to sort of contrast a program that management took to its board twenty years before that, when I became chief executive, and what I took to the board, with the same idea that mining companies must replace their reserves. But a corollary to that is: mining companies must decide what reserves to replace. So you sort of get an insight into the various managers of companies, not only in different companies but different periods of time in the same company, which is interesting: that companies change their direction from management to management.

I think this is a pretty clear case of that because, while this report back in 1961 brought forth a program that looked at virtually every possible commercial metal or mineral that could be mined, we brought to the board a program that looked at one metal and what we felt was Homestake's metal. Homestake had a franchise on this metal, and that, of course, is gold.

So seeing this report is very interesting and offers an interesting contrast to how we saw things in 1981 versus how they saw it in 1961.

Swent: I don't know how much of that plan was actually accomplished. The goal was to do it in five years, and of course the uranium scene changed pretty drastically.

Conger: Well, it did, but yet it did and it didn't. Certainly, the thing that probably happened mostly as prescribed in this document, '61 report, was uranium. Homestake had been down in the Grants [New Mexico] area, successfully mining uranium; had been in the Moab [Utah] area, successfully mining uranium; had a small uranium mine in Wyoming just over the hill from Lead, South Dakota.

But in that period of time, they acquired the Sabre-Piñon operations, expanded the mill in Grants. I'm not personally familiar with the activity in Moab, so I can't really describe that, but the point of it is that Homestake continued to be aggressive in uranium through the sixties. It was so interesting and such a thing for a company like Homestake. Homestake had been a gold miner for all the years since 1875, when the Homestake Mine was discovered and then in the fifties got into the uranium business for several reasons, one of which was that gold mining was becoming less and less profitable.

Homestake Has to Deal with Marketing for the First Time

Conger: So during the sixties and in the later sixties and almost in the same year--and perhaps it was the same year--the federal government was the only customer for Homestake's main products. The government bought the uranium under contracts which were euphemistically called x over 8. The government set the price, and they were cost-plus contracts, where they would actually pay the miners to mine the uranium and deliver it to them, either at their custom mills or deliver yellowcake to the government and be paid by this formula.

The government also, by law, was the only purchaser of gold. So Homestake's customer for its two main products, uranium and gold, was the U.S. government. Well, in 1968--

Swent: Let me interrupt. The uranium went to the AEC [Atomic Energy Commission].

Conger: Yes.

Swent: And gold went to?

Conger: It went to the federal government.

Swent: Treasury?

Conger: I would assume Treasury. See, this is before my time, too, but I would assume the Treasury. It was illegal for U.S. citizens to own gold in any form other than jewelry, so any gold in raw form had to be sold to the U.S. government.

So here Homestake found itself in 1968 with one of its products, uranium, now going on the open market. The government was no longer going to buy uranium for x over 8, those contracts. The government's rationale was, "We've created a new industry, and that is power generation with nuclear reactors, and now you uranium producers can sell your uranium to these power plants, and you negotiate with them the terms under which you're going to sell that. We're out of the business."

So Homestake had never had a marketing group, didn't have to have a marketing group because the government was the customer and took it all. So now all of a sudden Homestake had to get into the business of marketing its uranium, and did that very, very successfully. I mentioned in some of our earlier discussions, Dick Stoehr and Bailey Cozzens were two of the people that were so keen and clever on marketing uranium. There was no guideline for them to do this because nobody else had been selling uranium to power plants, either, so it was an open field where the rules were being written every day. With every contract, it was a new day. And so they very successfully threaded their way through this mire to come up with some very good contracts for Homestake.

At the same time--I think it was just about that time that Nixon closed the gold window.

Swent: That's early seventies?

Conger: Yes.

Swent: Seventy-two, perhaps.

Conger: But the marketing of gold switched just about at that same time, too. I don't recall the specifics of how the government allowed a Homestake to sell its gold other than to the U.S. government, but that did change.

Swent: There were two steps to it, weren't there?

Conger: Yes.

Swent: The gold price was unlinked first, and then--

Conger: I do not recall the details. The importance of it was, though, that all of a sudden Homestake had to start finding outlets for its products, where before the government took everything the company produced, either uranium or gold, and now Homestake had to find its own markets for both products. So that was an unusual thing for a company to have to do so rapidly, after so many years of not having to deal with actually marketing its product.

Swent: And I'm thinking--you have said several times, because you're a modest person, that you came to Homestake without requisite business experience, but I would think that that difficult experience that you had in Canada with Kaiser, renegotiating the contract with the Japanese, must have been applicable to some of this.

Conger: Oh, yes, yes.

Swent: I don't know that we mentioned that sufficiently when we were talking about that period, but when I was talking with Lee Emerson, he stressed that that contract renegotiation with the Japanese was so crucial that it had to be reopened four years early.

Conger: Yes, it was, yes.

Swent: I'm not sure we emphasized that enough when we talked about it, but anyway, that must have been great experience for you.

Conger: Well, the whole thing was a great experience, but I must say--and this is no modesty--my role in all of that was technical and operational.

Swent: But perhaps you learned from it.

Conger: Oh, I did learn, and I think I mentioned in earlier comments about this that having fixed the things that had been miscalculated and not contemplated or envisioned in the project, having fixed those things and getting it running successfully--

Swent: The technical things.

Conger: The technical thing and the operational end of it, getting the right people and getting everything working, producing at scheduled rates a quality product on spec--all of those things--there was the second phase, which was the commercial phase. Okay,

now we have an operation that is stable, and we now know what the costs of this operation are. Sure, you can always improve on costs. But this is the baseline going forward. Now we look at that cost, and we say, "The contract that was entered into five years ago or six years ago does not cover these costs. So if you want to continue to get this coal, we've got to renegotiate the pricing structure." So that was the second phase of it.

That's when Steve Girard, Edgar Kaiser, Jr., and people from Oakland became involved--and Edgar Kaiser, Sr., because he was great friends with the Japanese. They had a long-standing business relationship. They were the ones that did the commercial negotiation, and rightfully so. But I--

Swent: You were observing.

Conger: I was not the lead person. And you're right: I was able to observe all of this, and that was very helpful.

Swent: I'm just wondering if there wasn't some carry-over now into these negotiations you had to enter into for the uranium.

Conger: Well, of course, that predated me. I was not with the company then.

Swent: That's true.

Conger: But again, I would have had a Dick Stoehr negotiating those things, as he did for me for a long time, and then Lee Graber after Dick, after Dick stopped doing that. But in any case, I think the way we stated it earlier is a fair way to state that, yes.

Swent: All right.

Conger: But just to sort of wind up on the contrasting direction of companies and how interesting it is that in a twenty-year period a company could go from what the 1961 report set out to do in the way of exploration and development of minerals and metals, and what we proposed to do back in the early eighties. One thing that helped us focus in the early eighties was the rise in the gold price. It was a new world, even for the old-time Homestakers, who had known about gold forever because of the Homestake Mine. It was a new world for them.

So that was a great stimulus to all of us to think about that, and it really was very natural for us to say, "Hey, let's return to our roots. Let's do what everybody thinks we've always been doing, and that is, just mine gold--not lead and zinc and

uranium and potash and all these other things, but just gold. That's what people thought we were doing. Let's go back and do that."

A couple of things in the report I felt were missing--and this is hindsight and an opportunity to be a little bit critical, only because I think we did something that addressed these things, or I wouldn't mention it. One was I didn't see a mention of how much money they were willing to commit to do this, so there was no budget set aside for it and really no firm expectation as to where they would start to recover a cash flow and profit from this. So that's one criticism I would make of this.

When we went to the board, we said we would like to spend $12 million a year for the next five years to find a new gold deposit. The second thing we did that I didn't see that they did here was: we felt that with the discovering of the Carlin ore deposit, a new type of gold deposit existed out there that the old-timers would have had difficulty finding, and indeed did have difficulty finding. And that's what became known as this "no see 'em gold". It's so fine that the old-timers couldn't pan it. So without being able to pan, these old-timers that went throughout the West--every square foot of the West I'm sure they walked over --that had no ability to get to an assay lab to assay every rock they found, but they used to grind them up and pan them, and if they would get some color they were interested.

This fine stuff, you couldn't pan it. So here was a chance to get into some territory that the old-timers hadn't beaten us to. And the Carlin deposit was the model for this.

Swent: It actually came right after this report.

Conger: Right after this report. In four years--no, probably just a year!

Swent: Within a year, I think.

Conger: A year, yes, you're right. So we told the board, Sure we've been looking for gold all this time--the company has--but we think with this information now we have a leg up on being able to find some new deposits, and we further described that what we needed was low-cost gold production because the Homestake Mine was going to continue to have higher costs as it went deeper and deeper and the ore bodies kept getting smaller. So we needed some low-cost production to offset that, to give us a lower average cost of producing gold.

The likely prospect again would be the Carlin model, which is an open-pit mine, which has the gold right near the surface

that can be readily accessed. So we went to the board not only with the idea but how we would hope to make the idea work.

Swent: And when was it that you took this to the board?

Conger: Well, actually, we took it to the board when I became chief executive in '78, in November of '78.

Swent: So almost twenty years after this, roughly, two decades.

Conger: So that's a very interesting thing that you found, Lee, to sort of talk a little bit about different managements in the same company that has the same ideas about itself and mining, yet take entirely different approaches to it, yes.

Learning from Negative Experience and Executive Training

Swent: And speaking of management, that was another thing that I wanted to bring up at some point, and maybe this is a good time: You kind of rode the crest of the wave in a way. I think it was 1943, I think is when Drucker came on the scene and examined General Motors--

Conger: Peter Drucker, yes.

Swent: --and this big thing began, all of the theories of management and the idea that management was the same across the board, if you're running a motor company or a mine or a factory or whatever, the management--a real emphasis, which I think was new on the scene, on management per se. And it's been with us for forty or fifty years now. Was probably at its peak when you were coming in.

Conger: Probably so, although, you know, I don't have any direct recollection of reading his stuff or following--

Swent: It was sort of in the air, though.

Conger: Oh, you're right.

Swent: MBAs were--

Conger: Yes, that was all starting, yes.

Swent: And you were in a way an exception because you had come in through the same industry.

Conger: Yes.

Swent: I mean, you were from the older tradition--

Conger: Yes, that's right.

Swent: --of knowing the business from the ground up and becoming the top executive.

Conger: When I started with the company, they spent little time training people to do anything but the job they had. Like many of the mining companies: "If we want you to know something else, we'll tell you. Otherwise, just do your job." That was one of the things that--you know, you learn a lot from negative experiences as well as positive ones. One of the things that used to bother me as a young person, when I was shifting, was trying to learn more about the business. My boss, the mine superintendent, and his boss, the manager--they wouldn't share any costs with us. They wouldn't tell us what it cost to do anything. We were just kept completely in the dark.

The argument was, well, the union will find out what things cost, and then they'll want more money, which implied two things: one that we don't want those guys to get any more money than we're going to pay them; and the second thing was, we don't trust you. You're management. We don't trust you. That's terrible. First of all, you should know what the costs are so *you* can help control them. But then to not be trusted with this information is awful. It was a terrible way to treat people.

So that was one of the things I vowed as a younger person: By God, when I get a chance to say what you do, I'm going to see that all of our people that are responsible for controlling costs know what the heck costs are. We'll talk about it, and they'll do better. They'll see that they do better. But it makes them part of the team.

Swent: Right.

Conger: So all of that was happening.

Swent: You took the Stanford executive training course.

Conger: Well, yes, it was an eight-week course, I think it was.

Swent: Yes.

Conger: And I refer to it affectionately as "charm school". Very honestly--well, first of all, I wasn't interested in really

learning all of this, and in eight weeks you can't learn enough to be even dangerous! The advantage I took of that was--two things: number one, it was a chance to meet a lot of people who were sort of in the same place I was, although not quite. I was sort of towards the older end of the group. I was forty-seven then, so I was at the upper range of the group. I guess the people were more between thirty-five and forty-seven, so I was sort of at the upper range of that.

It was a great opportunity to meet people that were in different industries, and just learning in sessions, in class or out of class, what they do and how they do it and how they measure how they're doing, and those kinds of things. So that was of great value. Like Drucker said, these things apply everywhere. Well, there are things that do apply just everywhere, no matter what the activity is because they're just very human things. So that was one of the advantages.

The other advantage for me was that it really let me think about Homestake, because I was going to take over as CEO in just a couple of months. What would I really like to see the company do? And it gave me a great chance to think about that. I must confess that I spent as much time thinking about that as I did these classes on accounting and marketing and all of that stuff that they gave us in the courses.

What I used as my baseline was the Schwab report. It's a nice thick report, and I took that down there with me. I just studied that and tried to look behind the words for the logic that that report was offering and then relating that to my own experience of what works, what doesn't work, what would be better. Or this sounds great; I never thought of that. Or we sure want to keep doing this--kind of thing.

So that was as much an advantage to me as any other part of the program.

Swent: The time.

Conger: Just the time, to stand back--I'd been with Homestake for a year and a half, something like that, so I had a good idea of where everything was and what we did, but just to be able to stand back and think about it without any day-to-day interruptions in that process. So that was very helpful, too.

And then combining that with the Boston Consulting Group that did this several-months' study for us. That just all fit together very nicely into a program that we came up with.

Making Changes in the Board of Directors ##

Swent: You had talked a little bit about board changes. Is this a good moment?

Conger: Yes, this would be a good time because we're sort of contrasting them, before and after.

Swent: You stepped in as CEO with a pre-existing board, a number of whom were old-timers who had been there--

Conger: Old-timers. And Homestake had had an age seventy retirement rule in its bylaws, but it hadn't been adhered to, and understandably, because we had people like Don McLaughlin. Well, there are some people that just stand taller than other people, and Don McLaughlin is certainly one of those. As long as you have somebody like Don McLaughlin going past age seventy, it then becomes very difficult to tell the next director when he reaches the age of seventy, "Well, gee, it's been nice having you on the board. Here's your gold watch."

So my predecessors found it so difficult to do that they didn't do it, so we had quite a few people that were over seventy on that list.

Swent: This is the annual report from 1980.

Conger: One--

Swent: Well, let's just go down--

Conger: Two.

Swent: Anderson was new.

Conger: Oh, yes. Howard Vesper went off, and he was over seventy.

Swent: But he was on when you first became--

Conger: He was on when--

Swent: You had already been CEO a couple of years when this report came out.

Conger: Yes, that's right, yes.

Swent: This report is for the year when McLaughlin and Henshaw both retired.

Conger: Howard Vesper was well over seventy.

Swent: He'd been with Chevron, right?

Conger: He had been vice president of Chevron and a director, their technical vice president. And also Howard was a graduate of California Institute of Technology as well. But you're right, this is several years after I took over. Mind you, I didn't just summarily take people off the board when I took over, but as I identified new people to come on the board, I would then ask people over seventy to step down, so it was sort of a selective process.

I'm looking at the '81 report, and I'm seeing just one that's over seventy in '81. Oops, two, Salisbury and Kiely were. I forget--it was in this next year, I think, or the following year that both of them were replaced. Right now I'm not recalling who replaced them, but they were replaced. So I selectively replaced only when I had someone that I thought would make a good director. We wanted to keep the board the same size, so I would ask one of them to step down. I think maybe by '82 or '83, no one over seventy was on the board. Don McLaughlin was emeritus, so he was welcome to come to any of the board meetings, but he was not a director. Didn't vote.

Swent: How did you go about locating new board members?

Conger: Well, early on I was looking for directors that would have some presence in a region where we operated. One of the early appointments was Glen Ryland, who was CEO of Frontier Airlines in Denver.

Swent: You mentioned him earlier, yes.

Conger: He was in Denver. We didn't have anybody from the Rocky Mountains on the board. Of course, Lead sort of is in the Rocky Mountains; it's that same area. And so wanted to find somebody from the Rocky Mountain area to be a director.

Swent: Castle & Cook. What was the connection there?

Conger: Ted Marks was on the board when I joined the company, so I can't really say. Ted was a financial guy, very good director, had good comments to make, had experience with a company--Castle & Cook was having a lot of difficulty because their holdings were in Hawaii, and they were in agriculture--pineapple and sugar cane and those kinds of things, which were terrible businesses to be in because the world was awash with those things, and there was no market for them.

So he was able to share with the board some ideas about what to do when things are really not going well. And, of course, mining companies have their ups and downs regularly, so he had good advice. But I don't know how Paul got Ted. Ted stayed on the board until he was seventy, so that must have been at least five or more years while I was CEO.

I'm just trying to think. Doug Fuerstenau had just gone on the board, just before I went on the board. He had just joined the company. Berne Schepman had been on the board for several years before I joined the board. Berne's connection would have been his mining equipment background, I'm sure.

Swent: EIMCO.[1]

Conger: EIMCO. And Doug, of course, being a metallurgist--we lost Dee [Dmitri] Vedensky, who had been the board metallurgist and a wonderful guy. So Doug sort of filled his slot as a resident metallurgist on the board.

Then before I even put Glen Ryland on the board, I think both [Stuart] Peeler and Bob Reininger came on the board. Bob had run Rosario Resources, which was primarily a silver producing company whose mines were in Latin America. It was acquired by Amax in about 1981 or something like that, maybe '80, probably 1980, right at the top of the market, when precious metals companies were just commanding a big premium. So Bob and all of his colleagues, one of whom was Dave Fagin, who had shares in Rosario, really made out extremely well, which was great for them. So Bob was now free, and I knew Bob from the Silver Institute and the Gold Institute meetings that we would attend and felt he could be a very useful director to us, which he was.

Stuart--he's a man of all seasons. He comes with a portfolio that is as wide as the *Encyclopedia Britannica*. A very, very knowledgeable person about everything. He had a photographic memory. He's a lawyer by training. Had been chief counsel for Santa Fe International, the oil and gas service company, and had just retired from that and was sort of looking for other things to do. He wanted to stay in the resources business.

I ran into him when I was looking at a coal mine. This was for Homestake, of all things. And I was looking at it more out of curiosity than anything because it was not the kind of thing we

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[1] See the interview with Joseph Rosenblatt.

wanted to be doing. But I met Stuart at the coal mine. He was a director of another company called California Portland Cement. They owned this coal mine in Utah.

Swent: Which mine was it?

Conger: Well, I don't recall the name of the mine, but it was just out of Price, in the Book Mountains, where all of the coal mines, the good-quality coal mines, in Utah are located. And so at any rate, I met he and the CEO of California Portland Cement. That sort of led to an acquaintanceship that then led to me asking him to join the board maybe a year or so later--just because of his varied experience.

And I think one of the things that would have fostered the thought that he would come on the board is that this time the uranium business had really started to decline. Three Mile Island and other events had really had an adverse impact on the uranium market, and contracts were not as rewarding as they had been in the prior period. Stuart, with his oil and gas background, would offer us an opportunity to look at oil and gas opportunities to sort of replace our uranium business. Stay in the energy field, but not in uranium itself, but oil and gas.

So that was how Stuart came onto the board. So those were the early changes that I recall that we made on the board. By this time, the board was starting to take a shape more like what our program was because all of these directors came on knowing what our plan was and what our program was and were supportive of that--not that the other directors were not supportive; they were --but these were new people that came on with that focus and not what had gone on before, because they were new on the board.

So that's sort of my early recollections of board formation.

Swent: You had also put on more inside directors than had previously--

Conger: That's right. When we discovered McLaughlin--

Swent: The mine.

Conger: The mine. That was the first discovery, certainly of a gold mine, we had had since the Homestake [Mine], so it was a remarkable thing for us. But other than uranium mines, we used other people or we partnered with other people that built the mines and ran them. I'm thinking primarily of Buick and the lead-zinc operations.

So here we had a mine that we owned--a potential mine, the McLaughlin--that we owned a hundred percent of, and so we got to develop it. It was ours. As I looked at our organization, I felt that we really weren't set up to do that. First of all, we had this division concept, where each division was a profit center with its own people. And we had good people here in the company, but they would need to be redirected for our new focus.

In particular, I was focusing on what we would need to develop the McLaughlin Mine. I felt that we just were not covered with a person of the experience and the drive to do that. And so I thought the only way to really set this up right is to reorganize the company and do away with this division structure. That led me then to look for somebody to run the operations of the company, all of the operations--and somebody that could see that this project got up and going.

And so that's when, through a process of evaluating people I knew out in the industry, that we selected Bill Humphrey, and he joined us. And at that time, the other person who had joined the company the same time I did, Jim Anderson, running our exploration division, in charge of this $12-million-a-year program that was the hope of the company, and lo and behold, the first year and a half out of the box, we found a gold deposit of the description we were looking for.

That was success. My thought was that we really had two businesses in the company. One was operations, and the other was exploration. And so I made Jim Anderson and Bill Humphrey, who we just hired, executive vice presidents, the two most senior people in the company after me, one to run the operations of the company and the other, the exploration; and to give both of them status, put them both on board. So that was unusual.

However, in times past, boards--and in some companies today even, but in times past boards were predominantly made up of people that worked in the company. Officers of the company were on the board. So it wasn't that unusual, and actually before I came to Homestake, we had Paul, Don, John, and Dick Stoehr, all four of whom were CEOs or officers. They were all there sitting around the board table. So in matter of fact, that wasn't that different than what it was when I joined the company.

That's how both Bill Humphrey and Jim Anderson became directors.

The Boone Pickens Caper, 1981

Swent: I have some newspaper clippings here, and I did the unforgivable thing: I've got some clippings that are undated. This one is '81, I know, and I think we should talk about that. There was a big takeover rumor in '81. We need to talk about that.

Conger: Boone Pickens?

Swent: Right. In 1981--this is *San Francisco Examiner*--"Homestake Cool to Takeover Talk." Now, this is soon after you had come in as president and CEO.

Conger: Yes. We were still in the euphoria of the $850 gold price, even though gold--what month is that?

Swent: Well, this is May '81, "Homestake's stock price closed yesterday up 4-1/4 to $64.50 a share"--

Conger: Whew!

Swent: --"on the New York Exchange, after trading was halted for one and a half hours following the announcement of the added Napa reserves." You made the Napa announcement in 1980, and then the reserves were expanded.

Conger: Yes, but this was the Boone Pickens caper. Gold had hit $850 in January of 1980. It was now the hottest game in town. Oil prices by that time had started to dwindle or decrease some because the inflation that had caused these high prices of resources was starting to abate. Inflation was abating. Boone Pickens ran a small oil and gas company out of Texas. He discovered--it would have been during the seventies, particularly with the oil shocks--the one in '73 and then the one in '78--he discovered that by George, he could make more money threatening management of other companies with a takeover than you could drilling for oil wells.

I forget what his earlier forays were in that activity, but his home run was that he made a bid for Gulf Oil, which was a huge oil and gas company headquartered in Pittsburgh, the old Mellon family's oil company. Because of their weaker management and because of the way he approached that, he actually put that company into play. This company was hundreds of times bigger than his company, but he put them in play.

It wound up that Chevron acquired Gulf after a lot of to-ing and fro-ing with this little Mesa Oil Company, Boone Pickens' company. Chevron came in with a higher bid, and this tickled

Pickens to death, I'm sure, because he held quite a bit of Gulf stock during this acquisition thing. He bought up stock. And so he didn't get the company, but he got a pocketful of money, his company did.

And so that established him as a takeover kind of guy, even though he didn't take it over. He made a lot of money not taking it over. I can't remember the exact date that the Gulf thing took place. Ken Derr can remember it, because--that's the Chevron chairman now. He was given the task of assimilating this huge Pittsburgh giant into Chevron, and did a great job of doing it.

But it was right around 1980, '81. It was right around 1980. So Pickens--and this is some conjecture on my part, but I don't think I'm too far off--Pickens was looking around to see who else can we make a run at and scare the pants off of them and they'll wind up paying him to go away? So he picked Newmont, and he made a run at Newmont. Newmont had cross-holdings with Gold Fields of London. I don't remember all the particulars of it, but because Gold Fields didn't want Pickens acquiring Newmont --they had intended to acquire Newmont if it was ever for sale--now it was becoming for sale because of Pickens.

So Pickens pursued that hard enough that, in the final analysis, the Newmont board offered I think it was a half million ounces of gold--which at that time was probably selling for $400 or $500 an ounce--half a million ounces of gold in dividends to its shareholders. I think it amounted to about nine dollars a share or something like that, that was paid out to the shareholders, which would thwart Pickens' bid.

So that drastically restructured Newmont to make this huge payout to its shareholders, the largest one of whom was Gold Fields in London. But that allowed Gold Fields to keep Pickens from coming in because the shareholders voted for that rather than what Pickens was offering. This is a long story, I know, to get to the point.

Swent: Were you talking back and forth with the people in Newmont, for example?

Conger: No. Well, that isn't--well, I did talk to them, but this was before Pickens. And we might talk about that a little bit, too.

I had mentioned in an earlier interview that I had had talks with Newmont about a business transaction - actually, I had two such discussions.

The first was with Plato Malozemoff, Chairman and CEO of Newmont. He approached me when we were both attending an American Mining Congress meeting and after passing some pleasantries, he suggested we think about combining our companies. I said that was an interesting idea if the parts could go together sensibly.

He later called me at my office and we arranged for Jack Thompson, Sr., to meet with me in a hotel at the St. Louis airport. This took place in 1984 or '85.

Jack and I met and talked about how the companies could go together and what the new company would look like. In the final analysis, Newmont wanted to continue its multi-metal/mineral portfolio and I wanted to keep the focus on gold, so we had not further discussion on that matter.

The second instance was in about '87 or so when Gordon Parker (now Chairman and CEO of Newmont) contacted me about a combination. His principal share-holder Hanson wanted to sell their interest, so Gordon wanted to direct how that sale went.

Gordon, the CEO of Hanson U.S., and I met in a hotel room in San Francisco to talk about how we might structure such a deal. That first meeting led to a second one in which Gordon brought about four of his people who met with me and about four of my people in a hotel room in San Francisco. We spent the better part of the day talking about what the combined company would look like (this must have been about 1988-89 and Newmont was now focusing on gold too).

A few weeks later Gordon and I met in my office for the purpose of talking about price and management, without lawyers and bankers present. We were quickly able to agree upon a pricing mechanism.

The management issue was another matter. At the end of the meeting I made Gordon a proposal. Since I was the elder of us I proposed that I become Chairman and CEO of the new company, seing it through a transition period of two years, and then I'd retire and he would become Chairman and CEO. He left saying he would think about that.

About a week later he called me and said that [with] all he had been through with the Pickens' raid and subsequent changes in his shareholder base, he couldn't bring himself to give up his position. That ended our discussions.

But to this story: So Pickens again walked away from this, counting money and quite pleased with himself. Somebody must have

told him, "You know, Homestake looks a lot like Newmont." It never would occur to me that he would have thought we looked like Newmont, although---well, still at that time, I still think they had their copper holdings and some other things. I just can't remember whether they did or not, whether they had sold that by this time.

But in any case, the point is and was that Homestake looked like Newmont; so Pickens says, let's do it again. On this particular day I had just arrived at the San Francisco Airport (seven o'clock one morning), catching an airplane to go someplace, and I'm paged. I go to the phone, and it was Bill Langston (our corporate counsel), who said, "Boone Pickens has just made an offer for the company." So I go back up to the office, and we start wrestling with that. Pickens made an offer for the company with some premium. Maybe it says in here what the premium was.

Swent: Now, how had he done this?

Conger: Sent us a letter. Sent me a letter. And the letter arrived that morning.

Swent: Langston had seen it before you did?

Conger: I'm sure when my secretary opened it and saw what it was--because she opens my mail--

Swent: She fainted [laughs].

Conger: She took it right to Langston, which was the right thing to do.

Swent: He was the company counsel.

Conger: He was corporate counsel. I never kept anything secret from any of our people, so she would do that routinely.

Swent: So this was a letter.

Conger: A letter to me, offering to enter into a discussion or negotiation to acquire the company.

Swent: He didn't do it through buying stock.

Conger: No, although he did, sort of surreptitiously, he did buy some stock, but we didn't know that at the time.

Swent: This was an outright offer to buy the company.

Conger: Offer to buy it, but it was very fuzzily worded. It was not a firm offer. No terms other than "the premium." But no: how they would pay for it or any of that. None of that was in there. So anyhow, I called a board meeting, special board meeting. Got the directors together. By this time, it was a couple of days later and we had time to survey the situation.

Swent: How did it hit the papers?

Conger: He sent it to the papers. In fact, the papers had it before we had it. They had this letter before we did.

Swent: That was part of his--

Conger: That's part of the whole deal. That was his m.o.s., as they say in the military. That was the way he operated: to get everything going before the management even knows what's happening. So we called a board meeting. We recommended to the board that we just send him a letter back, saying that we're not interested in your offer. Period. No explanation on it. So the board agreed to that. We did that.

There was some to-ing and fro-ing. I think he sent one more letter. But it was almost innocuous.

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Conger: So I think he wrote a second letter. As I say, that was innocuous. And we wrote back one that was equally innocuous, saying we're not interested.

Swent: How were *you* taking all this?

Conger: Well, my first time through this, so I--

Swent: Were you losing sleep?

Conger: I really don't think so, but I don't normally lose sleep over stuff, so I don't think I was losing sleep over it, but it had my attention, I'll tell you that. At any rate, I don't think he even withdrew his offer because it was such a fuzzy offer, and there was no way we could take it up at some time later even if we wanted to; there was nothing to take up in this letter offer that he sent us.

So it turns out that he had violated a rule or several rules of the SEC [Securities and Exchange Commission] in this offer, in his actions, because he bought some stock of ours and did not register it appropriately with the SEC, like you're supposed to.

We learned of this, we protested, the SEC investigated, and they ultimately fined him, and he paid the fine--or his company did, Mesa. But none of our shareholders got anything; the government took it, the fine. The sense of the violation was it disadvantaged our shareholders because of his action. And instead of our shareholders getting something from him, the government took it, which made us even madder!

So at any rate--

Swent: Did you ever meet him face to face?

Conger: Never met him, but sort of the postscript to this little saga was that I was down in San Antonio, Texas. We held a luncheon for investors. San Antonio is quite a wealthy area, so there's a lot of investors down there. A lot of companies go there to talk to their investors. So I was down in San Antonio at a luncheon that we gave for investors. There must have been fifty or sixty folks there.

While I was waiting--our CFO was setting up the slide projector and all that in the luncheon room, and I was sort of walking around this club. It was the top floor of a bank building in San Antonio. I was just walking around, looking out the windows from the various sides at the city. And this big guy walks up behind me and he says, "Hi." And I said, "Hi." I turned around and looked at him and I thought, He looks a little familiar. He said, "First time in the city?"

I said, "Yes. First time up here, for sure, in this building."

He said, "Quite a view, isn't it?"

I said, "Yes, it's a heck of a view."

And he said, "Are you going to this lunch?"

And I said, "Yes, are you?" By this time I knew who he was.

Swent: You recognized him from pictures?

Conger: Well, it must have been a picture because I knew who he was. He said, "No, I'm not going to the meeting. I'm a member here at this club" or something. It was Ken Batchelder. He was Boone Pickens' takeover guy. I think he was his chief financial officer, too, but he was the takeover guy. He did all the nuts and bolts of this stuff: thought out the strategies and all the stuff for Pickens.

But he didn't know who I was, which is interesting. If they were willing to spend a billion and a half dollars for a company, you would think they would at least look at an annual report or something to see what the guy looked like that they were going to kick out. But he didn't recognize me.

Swent: He wasn't just pretending not to?

Conger: Oh, I don't think so. There's no way to know for sure, but I didn't think so. What that told me was they were never serious about taking us over. They were just going to run us up against the wall if they could, get money out of us, and take off. They had no intention of taking us over. Which was sort of their game. So that was the end of all of that.

Swent: How did you ultimately fend him off?

Conger: That was it. That was it. He was gone. They didn't come back. We said, "No thanks, we're not interested," and they didn't come back.

And then there was a subsequent investigation. It took two or three years for the SEC to finally do what they did, but by the time I met him in San Antonio, it was all done.

Swent: All done.

Conger: Yes. That was an exciting time. That *was* an exciting time.

Swent: This is the *Examiner*. I don't take the *Examiner*, so I don't know where this came from, but anyway, that's where he planted his story, I guess.

Conger: It probably went to the *[Wall Street] Journal*.

Swent: It was probably in every--

Conger: Yes. Certainly in the major papers, yes--*New York Times* and the *Journal* and such as that.

Interestingly enough, Batchelder left Pickens finally and started his own boutique consulting firm out of some place in southern California and later became associated with Santa Fe Railroad, who had acquired the Southern Pacific, so now it's Santa Fe Southern Pacific at this time, and advised Santa Fe Southern Pacific on the Homestake offer to acquire Santa Fe Gold just--what was it?--three years ago?--whatever it was. So he showed up again in that, on the other side of the table on that transaction. So it's sort of a small world.

Swent: I do want to get into that Santa Fe Gold episode.

Conger: That's quite a bit later in time. This is '81, and that was '96 or so, so where should we go next?

Swent Maybe we should jump ahead to Santa Fe, since it's relevant now?

Conger: Okay. Why don't we?

Swent: We have to kind of go back and forth. I had intended to ask you where Dick Stoehr came into all that because of his connection with Warburg.

Conger: That was pre-Warburg. Eighty-one was pre-Warburg.

The Failed Attempt to Acquire Santa Fe Gold

Swent: But the Santa Fe. We could do that now. We were talking about acquisitions and takeovers and those kinds of things.

Conger: Yes. And to tie into what I just said about Batchelder.

Swent: Yes. By this time you were chairman.

Conger: Yes, I was no longer chief executive by this time. This really was Jack Thompson's show you know, one day you'll be doing his story. He, of course, is much closer to all of the ins and outs of this than I. But maybe just a synopsis of that:

Santa Fe Gold was the outgrowth of the fact that the Santa Fe and particularly the Southern Pacific Railroad owned huge tracts of land through Nevada, which was given to it by--

It's ten-thirty. We're going to have to move.

[tape interruption]

Swent: All right. We had to move down the hall. We were meeting in the conference room, and now we've moved back to your office. We jumped ahead.

Conger: Yes, the thought of the Santa Fe Gold, which was the outgrowth of exploration work that was done by the Santa Fe people on the Southern Pacific right-of-way through Nevada, which went through a very, very prospective area for gold. The Santa Fe people had an exploration office in Albuquerque, New Mexico, and it was headed

up by a fellow named Dick Zitting. Dick Zitting and our people--Lang Swent and Dick Stoehr and those of our Homestake people that worked in Grants knew Dick because in his early days he was also in the uranium business.

Swent: Santa Fe were one of the first people in there, with Haystack.

Conger: That's right, they gained the right-of-way. They had right-of-way land. And so Dick Zitting was doing that for Santa Fe. So he and Lang and Dick Stoehr all knew each other.

Swent: And Dick Stoehr was on the Santa Fe board.

Conger: And later, after the Santa Fe fellows had had good success in exploration on their land in Nevada immediately adjacent to the Gold Fields discovery. They had been drilling on their property to the south of--something Creek--Chimney Creek, which was the Gold Fields discovery, which was put into operations by this time.

The Santa Fe fellows discovered what proved to be a continuation of the Twin Creek ore body. And so subsequently, those properties were merged into one mine, which is now called Rabbit Creek. Sorry, the Santa Fe discovery was Rabbit Creek. The Gold Fields discovery was Twin Creeks. They merged the two--no.

Swent: Chimney Creek.

Conger: Chimney Creek. They merged it into what is now called Twin Creeks. They twinned the creeks.

Swent: Okay.

Conger: So there was this very, very low-cost, large-reserved gold mine that Santa Fe owned, and when I say Santa Fe in this context, I'm talking about the parent company, Santa Fe Southern Pacific Railroad. They decided--the management of the railroad decided--that they should spin off the gold mine and the gold mining activities. They had a gold mine in Imperial Valley in California as well, an open-pit, low-grade gold mine. Those mines they put into a company called Santa Fe Gold, which they then spun off to their shareholders, and spun it off in such a way that for a period of two years it was impossible for another company to take over the newly-created public company, Santa Fe Gold.

They, of course, as a public company had a board of directors. One of the people on that board of directors was Dick Stoehr. He was invited to go on the board. Which is another unique part of Dick Stoehr. He was known to be a confidant of

mine, a consultant to me, and still was asked to go on the Santa Fe gold board. The thing we all know about Dick is that he would not compromise any entity with which he's associated at the expense of another, so that's just another demonstration of the character of Dick.

But at any rate, he was one of the directors of the Santa Fe board. Dick Zitting retired shortly after the formation of the company, and a fellow named Pat James took over as chief executive, a very capable mining man. He was then CEO and running the company.

Two years then elapsed, and now the protective structure that they had created dissipated such that the company could be sold. A third party could come in, and if the management didn't want to sell, the company that wished to acquire them could do it on an unfriendly basis. All of this then set up what turned out to be an auction to buy the company. Homestake, with early discussions between--Jack Thompson, who was now CEO of Homestake, president-CEO, had extended conversations with Pat James. I had taken Jack down to Albuquerque and introduced him to Pat because I knew Pat before this time and Jack hadn't met him. So I introduced the two of them in Albuquerque.

Swent: Where did the idea come from?

Conger: It's an idea that we all had because the Southern Pacific owned so much land in Nevada, and Nevada has turned out to be such a gold province that you just would like to have that land in your portfolio to explore. Plus they had these very low-cost gold mines. So it was an idea that everybody had. There was nothing proprietary about it. The only trick was could you do it, could you pull it off, because it was so obviously attractive to any gold mining company.

And so Jack and Pat James had subsequent meetings, and I'm not privy to those in detail. I just know that they got along well. They had a lot in common. They could see a lot of synergies in putting Homestake and Santa Fe together into one company. So I think by and large the management could see a real advantage in that merger.

We were not the only ones that were interested, obviously. The other company that was most aggressively interested was Newmont Mining Company. Of course, Newmont is a very large operator in Nevada and felt that because of their presence in Nevada, their large presence, contrasted with Homestake's, which was much less than Newmont's, that they should be the ones that

could bring a lot of synergy to the table by putting their company and Santa Fe Gold together.

So there was the usual shootout at the O.K. Corral for this. However, the Homestake team was able to negotiate with the board of Santa Fe Gold first, and did strike a deal that was announced, and Santa Fe Gold announced that they were going to accept Homestake's offer to acquire Santa Fe Gold. I don't remember what the premium was, but it was a good premium, certainly 30 percent if not more over the price of Santa Fe Gold at the time of the offer.

Also as part of the agreement for Homestake to acquire Santa Fe Gold was a breakup fee, a breakup fee being one which is if some third party came in, made a better offer than Homestake and Homestake didn't feel it could or it didn't want to increase its offer, in order for Santa Fe Gold to break its agreement with Homestake, they would have to pay Homestake $65 million as a breakup fee.

This deal for Homestake to acquire Santa Fe Gold was achieved over a weekend, it was announced the following Monday, and within a day or so Newmont--it may have been longer than that, but not much longer--Newmont came in with a much higher offer than the Homestake-Santa Fe agreed offer. So Homestake evaluated that. Because of Newmont's greater presence in Nevada, they obviously were hoping to get a lot out of the synergy that they said they saw in their combination with Santa Fe Gold because at the price they offered it was difficult to justify Homestake matching or beating that offer.

So Homestake opted not to raise its bid, and it turned out shortly thereafter that Newmont paid Homestake $65 million for the breakup fee, and they acquired Santa Fe. So that was a case where we lost that opportunity but at least pocketed $65 million in cash for having been in the game.

Now, as sort of a postscript on that, one of the arguments for the high price that both Homestake and then subsequently Newmont were willing to pay for this company was this vast tract of land that the Southern Pacific Railroad owned in Nevada and the hope that it would contain some new ore bodies yet to be discovered, because without that, the price that was paid for the company didn't have a sound economic basis. Only with the additional reserves could you hope to make that acquisition financially attractive.

To this point, which is now, what?--four years later, three years later anyhow--Newmont has not announced any success with their drilling program. So that story is incomplete yet as to how successful that acquisition is going to be. It will have to wait for further development.

So that was that acquisition which didn't happen on the Homestake side.

Swent: Was there any other fallout for Homestake other than the $65 million?

Conger: No, not that I recall. We must have spent---

Swent: Stockholders' reaction?

Conger: No, no. I think the market generally applauded the outcome of that. I don't recall, but I would have bet that when we stepped away from that, our stock price probably went up. It had probably been discounted some if we were going to issue stock to acquire the company, and the Santa Fe shareholders would have been substantial shareholders in the new company versus the Homestake shareholders; we would have had to issue so much stock. So I don't just recall now, but I imagine the stock price probably went up after it was announced that we were not going to do that. Which is not unusual.

So we sort of hopped ahead. We had been talking back in '81. Now we came up to this activity in '95 or '96.

Swent: We had just said, while we were moving here--had a little intermission--that '80 had also been a crucial year, in a way even more so maybe than '81, but I had picked '81.

Conger: Well, '80 was extraordinary in that we had such high gold prices; lead-zinc prices were not at an all-time high but certainly were very high, again because of the high inflation that the country was seeing at that time--

Swent: That was when you announced the McLaughlin.

Conger: And that's when we announced the McLaughlin, which was a fun thing because all of the excitement about gold--that was later in '80, in August, as I recall, that we announced McLaughlin.

Swent: Right.

Conger: The gold price had been $850 just seven months earlier. It had fallen off to about $600, but that was still an extraordinary

price for gold by anybody's reckoning at that point. Then we announced a new gold find in California. We announced it at the close of the market on the day we announced it--I forget what day --so the next morning they couldn't open our stock on the market because there were more buy orders than sell, and so they couldn't match their book--and for forty-five minutes our stock didn't trade because there weren't enough sellers to match the buyers of the stock. So that was all heady stuff. I think our stock opened up about ten points higher than it had been, which might have been in the forties at that time--I just forget where it was, but it was a substantial increase when they finally could clear the book for buyers and sellers. So that was exciting, exciting stuff.

But that year, 1980, because of the high gold price--I think it averaged nearly $600 for the year--lead and zinc prices were high, we were still enjoying the benefit of our uranium contracts, which by now had escalated well over twenty dollars a pound, some as high as forty dollars a pound; our uranium business was extremely profitable--all told, we netted $100 million that year, over $100 million, which is the most the company had ever made. So that was quite a year. A hard year to follow.

In fact, in all of the years that followed, we didn't follow it! And I'll have to be the first to admit that. We did not follow it. Those were just extraordinary times, extraordinary times.

"Saving" Kalgoorlie, Australia

Swent: We haven't talked about the exploration program continuing in any other countries. At that time you were expanding into Australia.

Conger: As you brought up earlier, in the '76, '77, '78 area, we had just gotten involved in Australia, in the Kalgoorlie operations, which were a combination of quite a few different owners who had continued to consolidate their holdings into fewer and fewer entities, and so in '76, I think it was, Henry Colen was able to negotiate our partnership arrangement in Kalgoorlie.

The operations at that time included two underground mines, one of which was a stockwork that was able to be mined by mass mining techniques. They had large stopes that they would mass blast and then muck out from feeder holes with front-end loaders, and were able to mine a tremendous amount of rock very inexpensively. It was low grade, but because the mining was so efficient, it was very, very profitable to mine this low-grade

ore. I think it was probably no more than three grams to the ton, which is quite low for underground, but, as I say, it was very efficient, so it really lent itself to low cost.

Swent: Were these mines that you acquired from others?

Conger: Yes. Kalgoorlie is an old gold mining district that was first developed just before the turn of the century, maybe 1895, around in there, and a tremendous gold field.

Swent: Back in the Hoover days, wasn't it?

Conger: Edgar Hoover. [laughs]

Swent: No, Herbert.

Conger: Sorry!

Swent: [laughs] Excuse me.

Conger: No, you're right. Keeps me on the right track here! Herbert Hoover graduated from Stanford in '96, I think it was, in the first graduating class, and--

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Conger: Just to pick up the thought again, he graduated from Stanford, first graduating class, went to Australia via this mining house called Moreing and Bewick in London. Because he was just--he was no more than twenty-two years old, if that--I think he grew a moustache so he would look older so he could get a more senior job with this mining house in London--anyhow, they hired him, sent him to Australia, and he first landed in Kalgoorlie.

I can't remember which of the mines right in Kalgoorlie that he was associated with, but shortly thereafter he went north, a little bit east of Kalgoorlie to the Sons of Gwalia, which was a famous mine that runs today; the mine is still running today with the same name and it is now a public company. But he was manager there for five or six years.

In the meantime, somewhere early in that period he married his wife--

Swent: Lou Henry.

Conger: Lou. Thank you. Lou Henry, who was an extraordinary person in her own right, so well educated. But at any rate, they lived out in this really desolate area, which was 300 miles inland from the

city of Perth on the western coast. All freight in that time was brought in by camels that had been brought over from Africa to carry freight up to the mine. They had to lay a 300-mile pipeline from the coast into the mines for potable and process water. They had insurmountable obstacles that they surmounted. It was extraordinary stuff.

But anyhow, these mines have operated continuously since that time, under different managements. Originally there were maybe twenty or thirty mining companies in Kalgoorlie, and over time, as gold prices waxed and waned, mines went broke, so the mines that were richer acquired the mines that went broke and they kept consolidating the holdings in Kalgoorlie, which is probably about five miles long and a mile wide, that kind of area, on a slight hill because of the silicification of the rock. It eroded slower than the surrounding rock. But relatively flat country.

So these mines continued to consolidate right on through the war, the Second World War, and subsequently, but with the gold price rise in '75 and '76 and then the fall--it fell away from the $200 that it reached in '76--these mines had all started up again; now, under I think just two or three companies that were in partnership, one of whom was Western Mining; the retreat of the gold price made these mines uneconomic again because at $200--the gold price fell back to $100, and the old mines that had been reopened and were being mined by the old technique, which was mostly hand labor and small openings--they were now uneconomic, and the stockwork mine was economic but not enough to carry the entire enterprise.

So the owners of the several companies now that owned these tenements were looking for an outside investor. Homestake's guy, Henry Colen, showed up, looked it over, came back, reported to Paul and Don Delicate, who was running the gold division at that time, what was going on, that this looked like an opportunity to get in for very little money, in an old district that still had lots of reserves, if the gold price would support it. That was back in the days when Homestake was really looking to higher and higher gold prices, so that in the future the gold price would be high enough to make those reserves truly reserves, instead of just a resource.

So Homestake wanted to make a proposal, the management did. Took it to the board. I had just joined the company months before this, so this was all new to me, and I wasn't in the board room, so I didn't hear any of this discussion, but the board felt that the investment was too risky, so didn't approve it. Told Henry to go back and get a better deal.

So Henry went back, got a better deal, and brought it to the board. I think this happened at least twice, maybe three times. They would send him back again, and, "Come back with a better deal." So he finally came back--or he came back with a better deal again, and so the board approved it. The deal was extraordinary. Homestake was to advance $3 million to the company--

Swent: Western Mining?

Conger: Well, Western Mining was the manager. They didn't have as large a piece of it as the other company. I think it was KLV [Kalgoorlie Lake View], and Western Mining. So we came in I think as a 42-percent partner, KLV was a 42-percent partner, and Western Mining was a 6-percent partner, but they managed it. As I recall, they didn't even get a management fee, but that may not be right.

But in any case, for $3 million cash we took that 42-percent position in this partnership. We were allowed to second a person to the operation to assist in returning the operation to profitability, and that person was Andy Anderson, O. E. Anderson.

Swent: Orville, I think.

Conger: Orville. And so Andy went over there and quickly assessed that the old underground operations--at these gold prices, there was no way they were going to make money; they had to be shut down. And so there was a lot of agonizing and so forth over that in Kalgoorlie, the town. But after some discussion, that was agreed to be done, with the proviso that when the gold price got above $250, I think it was, we would reopen those old workings. That was a condition of shutting them down then.

The Mt. Charlotte, which was a stockwork operation, continued. And Andy had some good ideas that were helpful to them to further improve the efficiency of that operation, so that that became even more profitable, even at a-hundred-dollar gold.

We invested $3 million cash and were obligated to put in another $5 million to support the cash flow of the operation. That was in the event that there was a further dip in the gold price. We would put in another $5 million to support the now-modified operation until the gold price went back up again, was the thinking. So we were obligated for a total of $8 million. We put in $3 million.

Well, with these improvements that the people put in and with a lot of help from Andy, they installed a crusher that was on the property somewhere but in such an awkward place that it wasn't

useful; they picked that up and put it in a place where it was useful, so the trucking was reduced on surface to get the rock to the plant and all that stuff. Just good stuff.

Because these were old operations that had been built for this company and then built for that company, but then when they put the two companies together, they failed to rationalize these various physical pieces of equipment into a smooth operation.

Well, they did think about that then, and really did streamline the handling of the material and materially improved the operation. This all happened with this $3 million that we invested. Well, it's always better to be lucky than smart. Would you not believe that the gold price started to rise? Within several months of having consummated this deal! And Andy and the guys over there had just completed making these physical changes in the flow of the rock from the mine to the plant.

So the gold price started to rise. It became cash positive within two or three months, instead of negative. So Andy and the Western Mining guys invested in some more equipment to make it more efficient, instead of just supporting the cash flow because the cash flow was positive with the higher gold price and the lower cost. And so that operation never looked back. It never needed support for its cash flow from then till today, all these years later.

As you might expect, our partners Western Mining and KLV said, "you stole this from us. You got this huge position for $3 million. That's terrible." Of course, they're envious that we were able to do that. But you see this plaque here.

Swent: Yes.

Conger: This is from the cities of Boulder and Kalgoorlie, from the mayors to us.

Swent: That's dated 1984.

Conger: Yes. I took the board over there in '84. So we had the board meeting over there and introduced them to the city fathers and all that stuff, and so they presented this plaque "for saving Kalgoorlie." Because it was our $3 million investment that saved the city, that saved the town, that saved the mines.

Swent: They've got two towns there.

Conger: Yes.

Swent: Kalgoorlie and--

Conger: And Boulder, yes.

Swent: And you've got the shire of Boulder and the town of Kalgoorlie.

Conger: That's the mayor. Shire is the county. So anyhow, for $3 million all of those things happened. Of course, we've put a lot more money into it since that time, but to establish our then-42 percent interest in those tenements, it cost us $3 million. Now, we have earned a tremendous amount of money there. We have reinvested a tremendous amount of money there. We're cash positive at home. In other words, we have brought home a lot more cash than we've put into it, by a long shot, but we reinvested a tremendous amount of money in the mines there.

Now, a lot of things have happened since that time, and I guess maybe we ought to describe--

Swent: Maybe if we just continue with--

Conger: What that is.

Swent: Yes.

Conger: So the mines took over. The gold price got over $250. Western Mining reminded us--and there was a guy named Brodie Hall, whom you probably have met, Lee.

Swent: I remember the name.

Conger: A crusty old Englishman that migrated to Australia as a young man and worked in the gold mines and became a senior executive for Western Mining. He was always reminding us how we were so cheap and how we got into this partnership with them, paid so little for it. We should be doing more. We should contribute more. And we took that. We listened to him, but we didn't do anything about it because a deal's a deal. It was done on a fair basis. We could have lost our $3 million or we could have lost our $8 million. So it was the kind of thing that you always hope will work out, and it did for us.

But Western Mining after a couple of years of things getting better, each year the gold price going higher--$300, $350, $400--so we reinstituted the old inefficient underground mine, making a little money, added--had all these people working, which was good for the town--and so it was towards the peak of the gold market that--I'm trying to recall the sequence. Western Mining had 6 percent of the operation, 6 percent equity interest, and through

another entity they owned, they had some more interest, but not very much, no more than 12 or 13 percent total. So they really were a minority owner, even though they managed the property and did a good job of managing it.

But this was not a core property. This was not a core operation of theirs since it was so small. Their interest was so small. So somebody during this period of time--and it must have been Alan Bond--offered them--this is the Alan Bond of the America's Cup fame, the guy that took the America's Cup to Australia. He was on a roll then and had invested in several different things in Australia, Western Australia, in real estate and other things. Made a lot of money, which gave him the opportunity to borrow more money because he never spent his own money--didn't have any money--but had great ability to borrow money, which he did to the fullest.

Alan Bond, in looking around Western Australia for things to invest in and do, bought North Kalgoorlie Mining, which was a small company that had some tenements immediately adjacent to the tenements that we held in our partnership. We could have bought them, but we didn't think they had any potential. But he bought them.

Then he made Western Mining an offer to buy their 6 percent, and so that really scared us because we were very happy to have Western Mining in there running it because they were good managers. Now here's this guy with these tenements to the north of us that we didn't think had any real value, offering to buy the management, he thought. He thought he was buying the management of our partnership.

We were on very good terms with Western Mining. Hugh Morgan was--no, he wasn't managing director yet; Arby Parvo was still managing director. But Hugh was understudying and within a year or so became managing director. They came to us, Arby and Hugh did, and said, "Look, this haybinder, this Alan Bond, is offering us a tremendous amount of money for our 6-percent interest. We can't believe what he's offering."

And they said, "Look at our position. We've got this small interest in this thing. We're putting good managers in here, our good managers, to run it. And this is all we get out of it. And this guy is offering us fifty times that to sell our interest."

And so we said, "Oh, God, we can't afford to pay that."

They said, "Of course you can't. Nobody should pay that for it. But that's what he's offering us. Cash!"

So we said, "Oh, God. You can't buy the management of it."

They said, "Well, we've had our lawyers look at it. We don't know if he would be buying the management."

So now we say, "You can't. He can't be the manager. We're not trying to keep you guys from getting your money for your 6-percent interest, but we're telling you he's not going to manage this property. It's too important to us."

So they said, "Okay, we hear you." So anyhow, they sat down with Bond and negotiated a deal where he bought--and I can't remember the sum, but he paid an extraordinary sum of money for that 6-percent interest, and so then the next day, after they shook hands and signed some papers, Bond was in the newspapers, saying, "I'm running Kalgoorlie!" [thumps fist in hand]

So immediately we're on the phone with him, saying, "Mr. Bond, you are not running Kalgoorlie. We would like to see where you have the authority to run it. What papers do you have to show us?"

He said, "Well, you know, I paid all this money for it. Of course I'm running it. They don't run it. I bought it from them. Now I'm running it."

We said, "No, you bought their interest, but you didn't buy the management of it, and so you're not going to manage it." So we to-ed and fro-ed with--

Swent: Were you calling him directly?

Conger: Not me directly, no, no. Let's see, who was doing that? Lee Graber? At that time, I can't remember who was calling him directly. It probably was our lawyer, and we hired an Australian law firm; we didn't try to read law from here, so we had a firm who [William] Langston would have directed--you know, that law firm. I'm sure they were the ones that were doing the actual discussion with the Bond people: his lawyers and perhaps with him, even.

So the issue of management became a legal issue. Bond went back to the Western Mining people, and he said, "I paid you this. Don't you say I'm manager?"

And they said, "No, no, we just sold you our interest. There's no place in any of these papers that we said we're selling you the management. We don't have the management to sell you. These partners we had, had us as manager, but it isn't something

that you buy and sell. Your partners determine who manages. One of them could; we could; whoever. So you didn't buy the management when you bought this, as far as we're concerned."

So here he was, crying to the press and everything that he had been bilked and all of that stuff. Well, he wasn't because he assumed he was buying the management, but it was never conveyed to him by Western Mining or by the other two partners. So he finally--so he agreed that he didn't buy the management. He agreed that he had been outfoxed and he didn't have the management.

So his next move was to buy the other partner. [pauses] I'm trying to recall how all this turned out. We didn't want to have more than a 50-percent ownership because it was an Australian operation, so we couldn't have bought the other partner because that would have given us 80 or--no, 90--let's see, 42--

Swent: Forty-two and 42?

Conger: It must be 44 and 44 because that's--no--anyhow, I know for sure that Western Mining had 6 percent, so the other two--so that's 94 divided by 2 is 47, I guess. We said 47. To add up to 100 percent. I've been saying 42 percent; it's 47 percent. So we couldn't buy them because that would give us 47 percent and at that time there was some Australian law against owning more than 50 percent of an Australian enterprise. So we couldn't buy them.

But Bond could because was an Australian. So he negotiated with them and bought it, so that plus his 6 percent then would have given him controlling interest, over 50 percent. Well, we didn't want that to happen, so we entered into a negotiation with Bond--Lee Graber did this--and took his North Kalgoorlie mining tenements and our tenements, put them together, paid him--because now he owned more than 50 percent--paid him I think it was $32 million or $33 million, and we had the property 50:50, all of the tenements 50:50. At the same time we negotiated an operating agreement which formatted how the properties would be managed.

And one other thing that was going on at that time was that Bond, who knew nothing about mining whatsoever, picked up an idea that we had had, too, but not the grand scale that this guy was thinking about, to open-pit these tenements because the gold veins came right to surface. The old mines had mined right up to the surface, from underground, not open pit. Worked from underground.

So around each of these veins was a halo of lower-grade gold ore that could be mined from the surface. I can remember on one of my trips over there, before any of these things I just

described happened, saying to John Roberts, who was running our Australian operations at that time--I said, "John, you know, one day"--there were houses all around these mine shafts and everything, and sheds. I said, "You know, one day this is going to be an open pit." I said, "Look at all these openings here. You sample the rock right around them, and it runs a gram, two grams, three grams. This will be an open pit one day."

So we had thought of that, too, but Bond said, "We're going to build a super pit, and it is going to cover this whole five miles." The only trouble was he only owned just a little piece of it when he started out on this whole thing. So when he bought our partners' share, now he owned a much bigger piece of it, and so that was the concept: that there would be a super pit.

Well, we were keen on that, too, because we could see the potential for that. So that then became our incentive to get this guy corralled into a partnership where we had equal say, so that he couldn't do anything against our judgment on what the best way to extract the gold from this property was. So we wound up with this deal that I just described a minute ago, that we were 50:50.

Well, it wasn't too long after that that Bond ran into hard times, and the banks starting foreclosing on him because he just kept buying more and more stuff all over the world and doing all kinds of things. He even bought "The Irises," the painting.

Swent: Oh, that's right.

Conger: From Sotheby's.

Swent: Yes.

Conger: $35 million, the most that anyone paid for a Van Gogh.

Swent: Yes.

Conger: We saw it in his office in Perth. Here's this little old painting. He paid $35 million for it. It turns out Sotheby's gave it to him on credit! And he was paying them on time. Well, auction houses never do that. When that came to light two or three years later, they just had egg all over their face. But it was typical Alan Bond--

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Swent: You said he got whoever he bought it from to pay for it while he--

Conger: He would buy companies, yachts, hotels and villas--with little down he got possession of whatever it was. That was sort of the way he operated. And he finally met his demise when he tried to acquire Tiny Rowland's--a company called Lonrho over in the U.K. He and Tiny used to have yacht races down in the Mediterranean. Started out in good fun, and it wound up the two of them smearing each other. Tiny Rowland exposed Allen Bond's "invisible" balance sheet. He was so in debt to the Hong Kong and Shanghai Bank and others that there was no way he could cover any call on his indebtedness, and it sunk him.

So our interest in all of that was this 50-percent interest in this property in Kalgoorlie, Australia, Western Australia. So it turns out that Normandy Mining, a company which had been started by Robert de Krepny--Normandy bought Bond's half-interest, and they became our partner and are still our partner today in Kalgoorlie. Of course, during the Bond time and after de Krepny took over, we went ahead with the development of the super pit. It is now Australia's largest gold mine. It produces--well, I've just sort of lost track now because we've expanded it several times, but it must produce totally seven or eight hundred thousand ounces a year.

Swent: And you have 50 percent.

Conger: And we have 50 percent of that, yes. So that's been our real activity in Australia all this time. We sort of started out on this, exploring in other parts of the world.

Swent: This was not the result of exploration.

Conger: This was an acquisition. But since that time we have done a lot of exploring in Australia and unfortunately have not come up with anything of real commercial significance.

Swent: There was this Plutonic acquisition.

Conger: Plutonic is a very recent acquisition which happened I think just a year and a half ago, yes.

Swent: That was in the same area.

Conger: In Western Australia, same area, north of Kalgoorlie but same general part of the country, yes.

Swent: Let's go back a bit to Bond. Why were you so reluctant to have him manage it?

Conger: Because--and it turned out our judgment was right--he wound up going bankrupt and disappearing--

Swent: What made you think he wouldn't hire good managers?

Conger: Well, any guy that would call a pit a super pit, right away you know the guy's a salesman and he's not an operator. He's a flamboyant, devil-may-care, the sky's-the-limit kind of guy.

Swent: I'm being devil's advocate here.

Conger: I know you are.

Swent: He might have hired wonderful people to work for him.

Conger: But not likely.

Swent: [laughs]

Conger: And we saw who he had running his little two-bit operation to the north of us.

Swent: I see.

Conger: They were not impressive people. He did hire a couple of people to do his business stuff that were real keen business people, but not miners and no experience in operations. I'm sure a lot of it was our own pride that this guy could come--he used to be a painter, a house painter--you know, he started out as a house painter. Sorry, a sign painter, not a house painter, a sign painter in Western Australia. That this guy is going to come in and show us how to run a mine--I mean, you have to have some pride in your profession.

Swent: You of course were proved right, weren't you?

Conger: It turns out we were sure right. We were sure right. So anyhow, that was an interesting saga. I met him several times at different hotel rooms--me and my little $150-a-night room in New York, go across to his hotel room at the Pierre--three suites and five or six people, food orders being brought in and everything. We were talking about forming this partnership. So lifestyles were quite a bit different.

Swent: Quite different.

Conger: Quite a bit different. So anyhow, that was quite a saga.

Why don't we terminate now but pick up the thread of the thought that started this, and I completely got away from it, which was, did we explore other than in the United States? So why don't we pick that up next time?

Swent: Okay.

Conger: Because Jim Anderson--you know, while we were building McLaughlin and making Homestake Mine run good and Grants and all of those things that we were doing at Buick--Jim was out looking for ore bodies for us, and so we probably should address that a little bit. We had this $12-million-a-year program for five years. So we probably should pick up on that side of it, which would bring us pretty much up to 1990 anyhow, on that side of the business.

Swent: There were a lot of exotic places being explored then.

Conger: Yes, and we waxed and waned on that. First of all, no place was out of our purview, and then pretty soon--there's no way--if you found something, you could do anything, so we won't go to those places any more. You know, we'll just concentrate on certain areas--so back and forth. And then there would be a discovery in some exotic place, and we'd say, "Should we? Should we be denying ourselves the opportunity to find one of those?" There are no answers to those questions, but we agonized over it. Anyhow, that probably is something to pursue a little bit.

Swent: Okay.

Conger: Okay.

[Interview 6: January 17, 2000] ##

Swent: We'll pick up about where we left off last time. You were talking about your exploration program waxing and waning, as you put it.

Conger: As we were saying at the outset of this, we had this five-year program that the board of directors had approved back in '78.

Swent: Multimillions.

Conger: $60 million over five years, which was extraordinary for Homestake and, for that matter, any of the gold mining companies, of which there were very few at that time. We were lucky and skillful. Jim Anderson and his guys did a great job in discovering the McLaughlin deposit in northern California.

Swent: That was a true discovery.

Conger: That was a true discovery, grassroots, with great geologic insight and discipline that arrived at that, so that was just a wonderful thing. Proved our whole theory about this. Made us feel that yes, that was the right thing to suggest to the board, and indeed it did work.

I must say, though, that while we continued our exploration for years and years after and would limit ourselves to certain parts of the world where we thought the political environment would allow us to successfully develop any discoveries, then deciding after some new discoveries were made by others that gee, we ought to be in those countries, too, regardless of the political situation. We did go back and forth on that over the years.

But I must say that after McLaughlin, we never came up with another grassroots discovery of enough magnitude that it really would be of great benefit to our shareholders--and this taken in the context of the fact that the company had grown over this period of time. We were producing more ounces of gold, so any new discovery would have to be that much bigger to be meaningful to our shareholders, just because of the size of the company.

And so by acquisition, by our continued successful operation of Homestake Mine, we were increasing our gold production, and that made it more difficult for the exploration people to come up with a deposit of size enough that it would now get the kind of attention in the stock market that the McLaughlin discovery did back in the early eighties. So the net of all of that was we really didn't come through on the exploration side, and so we continued through the eighties and into the nineties by increasing our reserve base by acquisition, by the companies we acquired that had reserves that we could then add to our reserves and add their production to our production, which again exacerbated the problem of finding a new reserve that now was of a much bigger magnitude to have the same effect on our stock. So we were creating our own dilemma by continuing to grow through acquisition, making it even more difficult for the exploration people to make their meaningful contribution to our shareholders.

Swent: What were some of those acquisitions that you were making?

Conger: First of all, there was Felmont, which had the 25-percent interest in Round Mountain, which was one of the early, early, early heap-leach operations, which operated for quite some time making no money at all. We talked about that earlier. Later on it did become a profitable operation. So Felmont was the first.

More About the Corona Acquisition

Conger: The next major one was Corona, which was a Canadian company that had substantial reserves and production in Ontario. That was the Hemlo district. There were two operating mines there, both underground, that were very low cost and very efficiently run. By this time mature mines, but still had good mine life ahead of them. Corona also had an undeveloped mineral deposit in northern British Columbia called Eskay Creek that was just literally a jewel box. Very high grade. Two ounces of gold and 96 ounces of silver *per ton*. Very near the surface. It was an underground mine but very near the surface; it could be entered by adits and mined entirely virtually horizontally so that there was no hoisting, no shafts, those kinds of complications in operating an underground mine. That was a new mine coming into production. So the Corona acquisition was one that brought us a lot of reserves, a lot of production, at lower cost and helped lower our overall cost of producing gold.

Swent: Did they come to you?

Conger: We knew they were on the market. There was one large shareholder that was controlled by Ned Goodman, an investment company that had a large share holding in Corona, and he was interested in selling the company to a Homestake or some other larger company, so it was something that I wouldn't say they came to us, but certainly somehow we knew that they were for sale, and we got in early and were able to negotiate a deal quite promptly.

Interestingly enough, that deal was panned by the gold mining analysts for the various investment banks--terribly--saying we overpaid for it, we didn't know what we were buying, we were just taken to the cleaners. This report, the most damaging one--there were two of them written, but the most damaging one was written on the night of our announcement without the benefit of the author, the analyst, even knowing what the terms of the deal were other than the price. We felt that was a very quick rush to judgment.

Swent: Where was that published?

Conger: Well, I think he did it in a newsletter or something got out to his investors very quickly. We read about it the next morning. I can't remember which of the publications that it was in. It was one of the overnight kind of publications. It wasn't a press release, but virtually I guess for an analyst it would be equivalent to a press release on the deal.

Swent: Do you want to name the analyst?

Conger: Well, his name was John Tamozos.

Swent: He must have been influential, though.

Conger: Oh, yes, yes, because he's a highly regarded analyst and follows the mining stocks, particularly the gold mining stocks, so he's very influential. But he turned out to be wrong on that because much of Homestake's production since that time--this happened in '92--since that time, both production and low cost have been because of Corona and the mines that they had that we developed, or about to be developed.

And particularly the Eskay Creek Mine--Corona had gone a long way in doing the feasibility study for developing that high-grade small mine in northern British Columbia. Their planning was to develop the mine. Because of the remoteness of the mine site--and it was up in the Coast Range, a heavy snowbelt area--they were planning to build a mill some 300 miles away in another site that was an old mine site also, and they were going to use that footprint of the old mine site to build the new plant so that it would be easier to get it permitted and so forth because it was an area that was already disturbed by mining.

But they were going to build a new plant. As it happens, the Eskay Creek ore was quite a complex ore, and in order to get good recoveries of the gold and silver from this ore, the plant was going to be fairly exotic, with some technology and some chemistry that really hadn't been used before, so there was some risk as to the viability of that process.

When we made the acquisition, that was one of the things we were going to do was immediately go through that feasibility study again to look at all of that, to see if that really made sense to invest that much money in a new plant that was going to be a substantial amount of money, several hundreds of millions of dollars to build the plant. So that was in our thinking at the time, but we didn't have time to do any work on that before we made the decision to go ahead and acquire the company.

Subsequently, after we did acquire the company, we did that work, and we found that it indeed was somewhat of a risk to build this plant and hopefully get the kind of recoveries that the bench testing indicated could be gotten. But before we went any further, we decided to go test smelters to see if there were some smelters that would be anxious to buy this ore right from the mine, just take it right from the mine, take it to seaboard or to a railroad and ship it mine-run, because it was so rich.

As it turns out, there were several smelters that were interested in that. One of the problems with the ore was that it was high in mercury, and smelters were not anxious to take it because that gave them an emissions problem at their smelter site. So we had to present to them a stream of ore that we could feed their smelter that would allow them to stay within their permitted allowances for mercury exhaust or, alternately, for them to build a facility to capture the mercury.

So as we were able to work out, we got smelter contracts with two different smelters, one in Canada and one in Japan, that would take this ore. And so by doing that, we had to truck the mine-run ore about as far to the port as we would have had to, to the plant that was being contemplated to get the silver and gold out of the ore, the plant in Canada. That was about the same cost to us as would have been whether we had a plant or sent it straight to a smelter.

So with the only added cost then of shipping the ore either to Japan by sea or to this eastern Canadian smelter, the Horn smelter that's run by Noranda, that was the only additional cost to getting payment for the precious metals in the ore. And so by electing to do that and getting those contracts in place, we wound up with the same total costs of recovering an ounce of gold and an ounce of silver by sending them to smelters as we would have had if we had built our own plant and made doré silver and gold.

What it did do is change our indirect costs, which are capital costs that you have to defray over time by units of production. We traded the lower capital cost--or we bought ourselves lower capital cost, lower indirect costs and higher direct costs (shipping and smelter treatment). We had higher direct costs because of the shipping and smelter treatment; we had much lower capital costs because we didn't have to build this large plant.

So that completely changed the viability and the profitability of the Eskay Creek Mine.

Swent: But you had to do all of this research after you had already made the acquisition.

Conger: After we made the acquisition.

Swent: How did that sit with you?

Conger: Because of the grade--and you so seldom see an ore body of such rich grade--we knew that it had to be profitable no matter what we did with it.

Swent: I see.

Conger: It was just a matter then of picking the method that gave you the greatest profitability. We were able to do that because the markets, the smelters would take this ore that we were mining, direct run ore. So that turned out to be very beneficial for us.

The other thing that we did at the time which is very helpful since then: When we merged Corona into Homestake, we elected to write off the costs that Corona incurred in acquiring Eskay Creek. They got in a bidding war for this little property. They didn't discover it either; somebody else had discovered it. And they got into a bidding war for this property. The two companies bidding against each other ran the price up such that by the time you paid for that on a unit-of-production basis, it really reduced your profitability because of the amortization rate.

So we tested the investment under our price assumptions for gold and silver and our operating cost assumptions. Of course, at that time we were looking at what Corona had done, which was to build this expensive mill, between two and three hundred million dollars for this mill. We were looking at--

Swent: They had not--

Conger: They had not committed to it, no.

Swent: But the plan was to build it.

Conger: The plan was, and that's where it was at that point when we bought it, when we merged the company. That was what we were looking at as the example of what our cost would be and what our recovery was to be and so forth. Based on that, it was problematic as to whether we could recover the cost that Corona had paid for this ore body. So we wanted to write it off at the time of the merger. We had a long to-and-fro session with the Securities and Exchange Commission on whether we could write that off or not.

Swent: Did you get into the Canadian authorities?

Conger: No, this was strictly U.S., strictly U.S. Since we were a U.S. company, we were bringing that all onto our balance sheet. So we argued that it was problematic as to whether we could recover that investment or not, as we felt it was impaired, so we wanted to write it off at the time of the closing of the merger so that that was behind us. There was no cash involved in this. The money had already been spent, and we just wanted to write off that

obligation to repay it on a continuing basis--just write it off now.

And so we finally prevailed and convinced the SEC that that was a proper thing to do.

Swent: Where did you meet with them?

Conger: Both in Washington and in San Francisco. Gene Elam did the lion's share of that; Wayne Kirk, of course, the legal part of it. So we prevailed in that, in the write-off. They demanded of us, though, that we use in our forward planning--and each year for SEC reporting you must declare what your reserves are and also at what price of gold you were calculating these reserves--so they told us that they would be expecting us to use the same price of gold next year, when we recalculated our reserves for the company, and we would use the same price of gold that we used in justifying writing off this investment that we said was impaired.

So we accepted that as a condition of their accepting our write-off. Of course, the benefit of that has been that since that time, this little Eskay Creek Mine has performed beautifully, and it did not have to carry those costs every quarter in reporting their profits. That had been taken care of. So it has made it much more profitable even than it would have been otherwise.

Swent: What was the price of gold then?

Conger: Well, it was probably around $300 then, between $300 and $400. As I recall, right then the gold price was down some, but I would say $300 to $350, around in that area at the time.

Swent: Then it had come down from those high, high levels.

Conger: Oh, yes, ten years before, twelve years before, it had come off the highs, yes.

Disappointment with the Exploration Program

Conger: So that is all still part of talking about exploration and how we didn't ourselves discover with our own exploration grassroots ore bodies of the magnitude that would really substantially bring value to the share price. We were never able to do that. That was a disappointment.

Other companies had come along in the meantime, during all this period of time, and started from scratch. Barrick is the best example of that, with their discovery of the Betze-Post deposit in Nevada. We were there. We looked at the same property they looked at, looked at the same data they looked at, and we opted not to pay what the owner was asking, and Barrick did, and Barrick didn't have two sticks to rub together when they did that. But they made the calculated gamble, and they were dead right. And they built a company on it, and very successfully built a company on it.

But we, all during this period--and one of the disappointments of my career at Homestake was that we were not able to bring into our stable something that we had discovered and was meaningful to the company, once we had discovered McLaughlin.

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Conger: That really, I think, is a description of a very, very key part of a mining company's business: the ability to replace your reserves with additionally economic reserves. We did not do that to my satisfaction. We fell short on that.

Swent: Where were some of the places that you were looking? South Pacific?

Conger: Yes, but not early on. Surely, the U.S. We were all over the U.S. We were in Canada. We had an office in Canada. Then we moved to Australia, early on to Australia, allowing more and more money to be spent over there for exploration. We did discover a small ore body over there and developed it and put a small plant up, and it ran successfully for a couple of years and then from all of our data, we couldn't continue to develop more reserves to keep the plant running, and subsequently sold it to a small startup group. In fact, they may still be running it. But they were more successful in extending the reserve than we were.

Swent: You had mentioned that there were places that you looked at and were concerned about the political situation.

Conger: Yes. Africa was one, the whole continent, and certainly South Africa because of apartheid. The corporate structure in South Africa was another real block to it. The mining houses there had such tight control over the mining leases.

We looked at Asia but never established anything in Asia that would be a commitment on our part to go there. The South Pacific--we looked there on and off, and we tried on several occasions to do some kind of venture with Freeport. They had this

tremendously rich ore body that started with the Grasberg discovery--sorry, the Ertzberg was the original, then from that--and it was all part of the same ore system--was the Grasberg mines that they developed. They were blessed with such success that every time they drilled a hole for a water well, they found another ore body. It was just a tremendous deposit.

Because it was a copper-gold system, we felt that if we could just joint venture with them, some of the leases around their beautiful mine, that wouldn't be too much to ask, but we were never able to structure a proposal that made sense to them. So we never became involved in Indonesia, Irian Jaya. But we did look later on at other parts of Indonesia.

Happily, we were absent on the Bre-X scandal. We were not in that. Freeport got into it, Barrick got into it, I think Placer was in it. I would like to say we weren't in it because we knew it wasn't for real, but I can't say that because we didn't know. We just thought, Wow, it must be easier to find those things than we think. And then, of course, it turned out that it was a hoax.

Swent: If it's too good to be true, it probably is.

Conger: It probably is. That was. And it was, yes, yes. But a great story.

An Inefficient Operation in Bulgaria

Swent: You did get into Bulgaria.

Conger: We got into Bulgaria, and that is the kind of thing that our guys had done from day one, is to look for look-alikes. And Bulgaria, from the published data on an operating mine there that had been operating for quite a few years, it was a copper-gold mine, and it looked like El Indio in Chile, which was a tremendously successful mine. St. Joe discovered El Indio, and it was just a wonderful mine. And so Bulgaria, from a geologic standpoint, looked like El Indio. So that's how we got into there, because of the ore body and what the potential appeared to be.

It was a political environment that was very, very hostile and very difficult. A Communist country that was now free and didn't know how to live free. They had all the problems we've read about Russia having. They had all of them.

Swent: Did you go over there?

Conger: Oh, yes, yes. I went over there personally to see the mine. My assessment of what it looked like--

Swent: Tell about your trip or trips over there.

Conger: I just made one trip. By this time, we had a deal with the English company that had done the underlying deal with the Bulgarian government that got them in there, and so we came in through them, to take it over. On my visit there, we were now the owners--can't say we were the owners because it still went through a government company that owned the ore body. We did not own the ore body. But we had an agreement to mine the ore body and sell the ore to a company that we then had ownership in. The proceeds then would accrue to this second company, after paying the government an underlying--the equivalent of a royalty.

So when I went over there, we had just taken over, and we were using Bulgarian people, Bulgarian nationalists, to continue to run the mine. The mine had been running unprofitably, and so our role in all of this was to first of all determine what kind of reserve we had there to then determine what kind of investment we should make to upgrade this mine to make it profitable.

I say upgrade because they were using mining methods that we hadn't seen in North America for fifty years at least. Such things as--it was an underground mine. They hoisted little 4- or 5-ton ore cars individually up the shaft and then dumped them at the shaft head and then lowered the cars back down into the mine again. Well, you know, there's no way you can make that pay. The ore was not that high grade that it would make that pay.

A secondary problem was the processing. It was a copper-gold ore, and the plant was not efficient at all and needed some new equipment in it and some more modern equipment, and also the metallurgy, the flow sheet, had a lot of room for improvement.

Swent: What sort of process were they using?

Conger: Well, just flotation, differential flotation, which we use everywhere. Basically, all the gold went with the copper in the float. So that part worked all right, but then part of the gold stayed back and could be recovered by separating pyrite from the copper concentrate. So they had been working with that but not too successfully.

And then the other problem with the ore was that once you made this concentrate, it had arsenic which is a deleterious

element that when we shipped it down to the smelter, which was only fifteen miles away, the smelter had trouble with it, and they were trying to enforce some environmental laws there by this time. So that was a further complication in all of it.

Probably the biggest problem that we had with all of this--and have had--is the management of it. The manager--when we took it over, we continued to have him as the manager--had become sort of a hero there because the mine had been shut down, and somebody in the government decided to start it back up again and made him the manager, and so he put all these people back to work that had been off of work for several years. And so they, rightfully, saw him as a very special person in taking care of them.

Swent: About when was this?

Conger: This would have been about '94, '93, '94, somewhere along in there.

Swent: And the English had--

Conger: The small English company had gotten the underlying rights, had struck the deal with the Bulgarian government, and so we came in through their established rights. We acquired them, or a substantial interest in them; we didn't acquire the entire company, but enough to give us the right to participate in that mine, and they were happy to have us manage their interest in the mine.

But the manager really wasn't amenable to any suggestions about how to improve these things, and so we just had a very difficult time getting him to really embrace us and our ideas.

Swent: Had he been the manager under the previous company?

Conger: Yes. But by coming there, the government had agreed to open it up again. He sort of saved that little community. My first exposure to this was at our Homestake board meeting--not a board meeting but one of our managers meetings about this property because the geologists had been over to take a look at it. It was their idea that here's an opportunity to maybe have another El Indio. And so they were showing us pictures. They had been over to the mine and underground and everything, so they took pictures of the mine site.

And here's this tall ten-story building right next to the shaft. There was a much smaller building sort of in behind it. I can remember at the meeting I said, "I hope that tall building isn't an office building." Well, it was. [chuckles] This little

dinky town. There was nothing there but little shacks, and here's this ten-story office building. And the little smaller building behind it was the mill! Dwarfed by this office building.

So anyhow, when we got over there and looked at it, sure enough that was an office building. Fortunately, they were downsizing all of that, so the top floors were empty; there wasn't anything in them. But the manager was there. This guy had to be a throwback to the old days. He had--off of the hallway was an office and a secretary, a woman, sitting at a desk there, and then if you went out of her office to the right, you went into the board room, and if you went out of her office to the left, you went into the manager's office.

So I show up there and am escorted up the elevator to the fourth floor, down the hall, into the secretary's office. She knew who we were because we were being escorted by some of their other people. She told our interpreter, "I'll ring Mr. So--And-so." He was right next door with the door closed. So she calls, and she says something to him, and he says, "It will be just a minute."

We must have stood there for ten minutes or so. And then he calls and she says, "Okay," and she punches a button and this door slides back to go into his office. So we go in the office. You've been in machine shops and stuff, being around mines all your life--

Swent: Right.

Conger: You know what kind of calendars guys hang up in machine shops.

Swent: Oh, yes.

Conger: He had one--

Swent: Uh-oh.

Conger: --hanging in his office. I hadn't seen one of those for thirty years, I don't think! It took me back thirty years. So there he was, sitting behind this big desk. That was our reception. I don't know--you must have been in my office sometime, I think. Did you ever see my door closed?

Swent: No.

Conger: I never closed it, never closed my door. So here's a guy that's got a sliding door, probably a gun in his desk. So that was my first introduction to the manager. And a pin-up calendar.

Swent: Of course, you had to go through an interpreter.

Conger: Interpreter, yes. So we chatted as much as you can chat with an interpreter, in his office. By now it's getting on, and we still hadn't seen what we had come to see: the mine and the plant. So we finally got to the point that he told the interpreter, "I've arranged for you to go underground at umpty-ump"--[demonstrates looking at watch]--"and then when you get back up, you can go to the plant." He said, "Between that, I'll meet you for lunch." So this was told to us.

So we leave him. He didn't go with us, which is another--I couldn't believe it. All the tours I've taken when I was manager, all the tours I've taken of people--he didn't go with us!

Swent: Perhaps never went underground.

Conger: You're exactly right. We found out later that he never went out in the plant or underground, never!

Swent: He was the manager.

Conger: He was the manager. So we went on the tour underground, and we didn't like what we saw as far as their managing was concerned, but we could sure see that that was good-looking ore. It was a great ore. If that ore body had been in Nevada or Montana somewhere, boy, it would just have been a wonderful, wonderful deposit to mine. So at any rate, we toured underground, came back up, cleaned up, and went to lunch on the property but in another building that was a dining room.

The manager wasn't there, but the people who had been with us were there and somebody else had joined us, a geologist or somebody. And so we were sitting there, and there were bottles of vodka--this is noon or one o'clock--and so the Bulgarians all started pouring vodka. Well, we were going to go through the plant that afternoon, so we just sort of acted like we were sipping--just left it.

Well, the manager finally showed up about a half an hour later. We were all sitting around there, waiting for him, so we could eat. He slugged back a lot of vodka while we were eating. Again, he dismissed us when lunch was over, and we went to the plant. I guess he went back to the office. But didn't see him. So right away you have a very negative feeling about all of that and how that's going to work out.

It never got better. Gil Leithley spent a lot of time over there, trying to work with this person to help him manage it more

effectively and get the costs down. It just never, never happened. Just couldn't make it happen there. There was just no way to make it happen without just removing him. Because we were in a delicate situation with the government and his popularity there in the town with these people, it just was a kind of a thing that we just never could get around.

It was an experience that sort of justified saying, "Well, look, we can't be everywhere. Let's try to pick places that if we're lucky enough to find something commercial, we'll be able to develop it and manage it so that it can be profitable."

Swent: What was the outcome of that finally?

Conger: I don't know at this point whether we've extracted ourselves from that yet or not. I think we haven't, but I'm not current on that right now. But I would think we're in the process of looking at how we can get out of it, just for the reasons I've outlined. So I don't know.

Swent: A learning experience?

Conger: That was a learning experience. That tells you something, too, about what kind of influence you can have on existing operations and existing properties. You can contrast that Bulgarian experience with the same thing in Australia or in Canada, and it's night and day because both those countries have a work ethic like ours. They take pride in doing things more efficiently and better, rather than the way you used to. Not to say that we all don't get ingrained with what we used to do, but certainly that was a night-and-day experience, Bulgaria versus Canada or Bulgaria versus Australia--two countries in which we operated.

Swent: How did you happen to make the connection in the first place?

Conger: The geologist, in reviewing the literature, saw a similarity between this ore body that was published by some Bulgarian geologist, probably, in some publication, and they read the description of it and the genesis of the ore body as seen by this geologist, and said, "Gee, that looks just like El Indio." So that's how it happened. So then we proceeded to find out what the ownership situation was. We found that this English company had seen it, too--not with the same rigor of investigation that our people did. Didn't come at it--I don't think they did--they may take exception to my saying that. But at any rate, they had seen it before we had and had struck this deal with the Bulgarian government.

A Sulfur Project in the Gulf of Mexico: "Not Our Business"

Swent: You did get into a sulfur contract with Freeport.

Conger: We did. That was afield. That was going afield. We tried to stick straight with our plan, which is to be *the* premier gold mining company. Well, as things happen, you sort of get into something that's afield, that isn't exactly what you've been doing. It so happens that the sulfur investment in the Gulf of Mexico was one of those things. In our exploration work in the early days in the Sierra Nevadas, we discovered very near the California border a massive sulfur deposit, elemental sulfur deposit. That wasn't what we were looking for. We were looking for gold deposits.

And so this seemed to be of sufficient size that we thought, Well, maybe one of the sulfur companies would be interested in this. So we went to Freeport and Texas Gulf and asked either of them if they were interested. Freeport said that they weren't, but Texas Gulf came out and took a hard look at it and finally said, "No, these volcanic sulfur deposits are dirty. There's a lot of detrimental mineral in that. It's not pure sulfur like we get down in the Gulf of Mexico." So they passed on it but thanked us for inviting them in.

So I got acquainted with the Texas Gulf people because of that. Then a couple of years later, the federal government had determined there was going to be a shortage of sulfur and so they were going to put some of their Gulf of Mexico leases out for bid, just like they do the oil and gas leases in federal waters. These sulfur deposits down in the Gulf of Mexico, both onshore and offshore, occur on the top of salt domes, and so these leases that the government put out--as sulfur leases, not as oil and gas leases, but as sulfur leases--were to encourage the Texas Gulfs and others of the world to explore and find some more sulfur deposits to put sulfur on the market, to keep the market satisfied.

The Texas Gulf guys called us up one day and said, "You know, you guys were nice enough to invite us to look at that sulfur discovery you made. We're going to bid on some of these sulfur leases that the government is putting up in the Gulf of Mexico, and we think we have a proprietary way to cherry-pick those leases so that we can pick the salt domes that have sulfur. And we wondered if you guys would like to invest with us in bidding on those leases and see if we can find a major sulfur deposit."

Well, we looked at that thing backwards and forward, and it sort of looked like the old saying, a nest on the ground, because the method that they thought they had to differentially pick out which lease to bid on could be--these salt domes could be surveyed geophysically rather inexpensively, and that would give them the edge on bidding on these, so you would only spend your money on what you really liked and you could spend more and outbid the other people who didn't have this proprietary system.

So we said okay. It would have cost maybe three or four million dollars at the most to tie up the leases that we thought we would want to bid on and actually get the bid, actually get the lease.

Swent: Why did they want you in on it?

Conger: People are always looking for partners on things like that. It's very common in the oil and gas business. To just share the risk because exploration--as I told you, we spent all those years, spent all that money and came up with very little, and everybody else sort of had the same experience, so if you can share the risk, then it makes sense to do that, so that's why they called us.

And we had since during that time come to know one another on other things that came up over time, so we knew each other and sort of thought partnering with these people would make a lot of sense because partners aren't always agreeable on everything--issues of philosophy, culture.

Swent: Who were some of the people you were talking with?

Conger: Well, you know, I'm trying to think of the guy who has since passed away, but he wrote the book--it was really a compilation of letters that he had collected of people that used to work in gold camps and mining camps and had sent letters home, back in the 1800s, early 1900s. And this book of his--I think it's called *Gold Fever* or something like that--is a compilation of all these letters he collected. He collected them; it was his hobby. I have the book at home; I can look it up.

Swent: So he was interested in gold mining.

Conger: Well, mining in general, just in general.

Swent: Gave you something in common.

Conger: Yes, yes. He was a good friend of ours.

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Conger: So anyhow, they came to us with that offer, that suggestion, and we thought, Well, here's a chance to get in on a major sulfur discovery, and so we agreed to do that. As the bidding got down to the final days, when we turned in our bids for these leases, Freeport calls up Texas Gulf. Freeport didn't even know we were interested in it. Freeport called up Texas Gulf and said, "Look, no sense us batting ourselves over the head with each other. Why don't we form a consortium and we'll bid on these jointly? These leases."

So Freeport made that offer to Texas Gulf, and Texas Gulf got a hold of us and said, "Well, you know, that sort of makes sense as it further spreads the risk. Why don't we do that?"

So we said okay. This wasn't our line of work anyhow. So it became a three-party partnership between Freeport, Texas Gulf, and ourselves. So we bid on the leases, and we won all of the ones we wanted to. We were successful. We must have gotten five leases.

The sulfur deposits form on the top of these salt domes, and salt domes are known because not only geophysics but the oil companies have been drilling around these salt domes for oil and gas in the Gulf of Mexico. Salt domes make a great trap for oil and gas because they're just pillows of salt that have come from very deep in the sub-sea floor up through these layers of sediments to very near the surface. As the salt domes come up through these various sedimentary beds, they tilt the beds upwards a little bit, so oil and gas that is driven by sea water that gets into these various beds that host the hydrocarbons, the sea water pushes the lighter oil and gas up until they run into these salt domes, which are impervious, so they're trapped. They are natural hydrocarbon traps, these salt domes.

So the gas companies for years have been drilling around the edges of these salt domes. They never drilled on top of the salt dome because they're not a trap. So here are these salt domes sitting out there with these drill rigs all around them, where the oil and gas companies have been drilling for oil and gas. So the domes are well known, but nobody ever drills on the top of them because there's no oil and gas there.

Anyhow, we won at least five leases. I just forget now how many, but we were successful in the ones we wanted. And so we started drilling. We picked the most prospective one first. I think Freeport must have been 5 percent of all of these. They bid the most. They were the major partner. Texas Gulf was probably

26 percent, and we were like 16 percent interest in these leases. So anyhow, we drilled the first one; nobody home. I think we drilled the second one; nobody home.

Moved to the third one, and lo and behold, Texas Gulf--the people with whom we were first partnering with--they had since been acquired by the French, so it was now a French company, and the French wouldn't give them money right then to drill the third dome, so they had to pass on it. Lo and behold, we hit the grand daddy. We hit a very, very rich sulfur deposit. And lo and behold, overlying the sulfur deposit--which never happens--was an oil reservoir on top of it. That never happens! Oil is always on the sides of these salt domes. Not this time. It was on top of it, on top of the salt dome--and it had the sulfur deposit.

So our cup runneth over. Here we not only found this rich sulfur deposit, but it's got oil on top of it, which we get to enjoy the benefit from. The irony was that our original partner opted out because their French parent wouldn't give them the money to drill on that lease. And so, as it turns out, this was all terrific because the protection for the sulfur market was such that within five years' time there would be a real shortage of elemental sulfur, so this new mine would be coming on stream just in time to enjoy that benefit.

But at the time when we made the discovery, the sulfur price was probably $120 a ton or something like that, even then. But it was going to go up from that in five years' time. The projections--the government's projections, Freeport's projections, Texas Gulf's projections--everybody said that. And so we thought, Gee, how lucky; we get to produce this oil and gas--or oil, primarily. The decision was made to take the oil off first so that as we took the sulfur out the subsidence wouldn't fracture the horizon that was holding the oil.

And so the plan was to take the oil out first, primarily all of it, and then mine the sulfur because you can start the oil production immediately, and it would take a couple of years to build a plant and everything to extract the sulfur by the frasch process--steam, steam injection to melt the sulfur and airlift the molten sulfur out of the ground and into barges.

At any rate, we, not being in the sulfur business, engaged Freeport, who was in the sulfur business, to be our agent and market our share of the production. At $120 a ton or anything more than that, it would have been a very lucrative thing for us. The trouble was by the time the mine got into production, the sulfur price had dropped and, much like the gold price, stayed and

has stayed at between $60 and $70 a ton, not $120 a ton and going north.

And so that was our unfortunate experience. We lost money probably every year that the mine has operated, or broke even, just about broke even. On a cash basis, I think we were probably always about even, but certainly on a total cost basis, we lost, not a great amount of money, but lost money. The sulfur price never came back. I think in the last two years the company has written off our investment in that because at $60 and $70 a ton, with the agency fee we had to pay Freeport, we just couldn't recover our investment. There was no way to do it. And nobody was projecting that the sulfur price was going to do anything but stay at $60 or $70 a ton. So that was written off.

We had invested about $150 million, our share of the development of the property. Fortunately, there was the oil production, which we hadn't reckoned on, so that kept our losses to just--on a cash basis, I think we were at about break-even, but kept us from losing a lot more money. But the remaining investment in the property was written off about two years ago. I forget how much. It was maybe $50 million or $60 million by that time that had to be written off.

So--a wonderful discovery, a great ore body--not our business. Should have stayed with our business, absolutely. But probably the only major, major ore body we were involved in as a grassroots discovery. And it didn't turn out to be profitable.

I think one thing that we wanted to talk a little bit about was listing on foreign exchanges.

Integrating Corona into Homestake

Swent: Yes, but I had another question before that.

Conger: Okay.

Swent: You were talking about your plans for this exploration project and so on, and then with Corona you also acquired a new person.

Conger: Yes, quite a few people. We kept quite a few.

Swent: Peter Steen came in as your president.

Conger: Peter came in as president.

Swent: I was wondering how that affected the organization and your philosophy and so on.

Conger: That had a direct effect on the organization. When we acquired Corona, it was a Canadian company with two properties--actually, there were three properties. There was the Nickel Plate Mine that they had, a very marginal mine--

Swent: Was that nickel?

Conger: No, it was gold, but the name of the mine was the Nickel Plate. I don't recall how it got its name. But it was in British Columbia in a beautiful spot near Penticton. But that mine, while they managed it, really was not profitable for them. They had sold gold forward for that mine, and because the gold price kept falling, they made money on the hedging, but the mine itself wasn't making money on a stand-alone basis.

But the two mines that were operating--they did not manage either of them, but they were the two large Hemlo mines that were very low cost, high volume, and very profitable for Corona. And they had this new mine in British Columbia, the Eskay Creek Mine. So it was a Canadian company headquartered in Vancouver.

When we acquired the company, I had my Felmont experience behind me now, having acquired that company and having the difficulty with the management in that company, which we wanted to keep. The way I handled that taught me that I sure wanted to do this acquisition differently as far as management was concerned. What I did was ask Peter Steen, who was the president and CEO of Corona--I asked him to come to San Francisco as our chief operating officer and president.

And I asked Jack Thompson to go to Canada to run the Canadian operations because Corona had a Canadian subsidiary up there, which was a public company called Prime Resources.

Swent: Now, you were--

Conger: I was chairman and CEO.

Swent: Oh, was Jack already president?

Conger: No.

Swent: No, no, you were president.

Conger: No, I was chairman and CEO. In '92 I think Bill Humphrey was president at that time and COO.

Swent: Oh, okay. All right.

Conger: Bill should have retired then, at sixty-five. I asked him to stay on. This was after Dave Fagin left. I asked him to stay on as president, and then, when we acquired Corona, Bill retired and I put Peter in as president and COO, chief operating officer.

Swent: You were chairman and CEO. He came in as president and COO.

Conger: COO. And I asked Jack Thompson to go to Canada to run the Canadian public company, Prime Resources, that was the owner of Eskay Creek, as was our Canadian subsidiary. What I had learned before was: don't leave the other guys in their old office doing their old stuff; mix them up. Get some of our guys with them and some of their guys with us. And so Peter came down and joined us in San Francisco, and Jack went up and took what had been Peter's job up there in Canada.

So that did make some changes. We kept quite a few of their senior people, who are still with the company: Gil Leithley was one of their operating guys, Dave Peet was their comptroller--he came down and was comptroller for us. And their chief explorationist, Tony Ransome, came down and became our chief explorationist. So it was really an integration of the two companies. But we mixed people up so that everybody had a chance to work in a new environment rather than "how we used to do it" kind of thing. And that, I must say, in all modesty--that worked very well. It worked very well.

And certainly that was a good thing for Jack to do, to actually go run a public company before he took over as Homestake's chief executive, and so that worked out, I think, very well.

Listing on the European Stock Exchanges

Swent: Okay. And then at the same time you were doing a lot of travel.

Conger: Well, to get to the point of sort of the road travel, the trips to Europe and so forth, that started in the oh, '83, '84 period probably. The gold business by now was back in business. There were a lot of folks in it. There were a lot of new companies that had started up, a lot of interest in Europe about gold investment. In the early days, the only opportunity Europeans had to directly invest in gold properties was South Africans because they were traded on the Swiss and London and then the newer Frankfurt stock

exchange. So there were a lot of invitations for we at Homestake, which was an old mining company that Europeans had invested in, particularly the Swiss people, but they had to do it through ADRs [American Drawing Rights]. They couldn't own our shares directly because we weren't listed in Switzerland.

There was a lot of--not pressure, but they were anxious to have us list over there. And since we had a lot--

Swent: Excuse me. You said that the South Africans *could* invest directly?

Conger: No, the Europeans could own South African shares directly, the Europeans. And Europeans had been gold appreciators forever.

Swent: So they had invested in South Africa rather than North America.

Conger: For years, yes. For years. That was where those mines sold much of their stock.

So at any rate, the Swiss really wanted us to list over there, too, so that the Swiss could hold our shares directly, through their own exchange and trade it freely. They pointed out that over 15 percent of our stock was already held by the Swiss, through ADRs. So that was the single biggest--

Swent: How did this come to you?

Conger: UBS [United Bank of Switzerland] was the most aggressive one.

Swent: They had a branch in San Francisco.

Conger: Yes. They would come and say, "Look, you ought to list over there. Look at all these people we have on our list, our banking list, for you, for your shares. We do this business for them. So why don't you list over there and make it so much easier for them? And besides, the gold business is back in business again. Everybody is interested in gold."

So that was persuasive, so we did that. We listed on the Swiss exchange first, in Geneva, Zurich, and Basel.

Swent: How do you go about this? What do you do?

Conger: Well, it's a bunch of paper--first of all, you've got to pay money to do it, which is one reason you don't just run out and list on these other exchanges. Then there's all kinds of documentation that has to be executed for the listing. Then you have requirements for those exchanges, just like we do for the New York

Stock Exchange. You've got to print reports either annual or quarterly, and they have to be in some language--so you have all of those things that you have to comply with to list on these various exchanges.

Now, fortunately, the ones we listed on, we did have the language. We didn't have to print our reports in anything but English because Europe is an English-speaking continent, so that was--from a business standpoint--so that was okay. Japan for years tried to get us to list over there, and we didn't do it because we would have had to put everything in Japanese, and we just didn't see the market there. But that wasn't true in Europe. There was an appetite for our shares and other gold shares. So we listed first on the Swiss exchange and then a year or two later on the Frankfurt exchange and then either that year or the next year on the London exchange. We listed on those three exchanges.

During the middle eighties there was a lot of interest in our stock, and it got a lot of trading on those exchanges. For I think it was three years, we remained on the tote board in the Frankfurt exchange. The foreign stocks that trade at least--oh, I forget what the number was, but 15 percent of their stock or something like that listed; if it traded on the market in a certain period of time, they kept you up on the tote board, which was just all the foreign stocks--IBM and General Motors and all of those--on this board, and then all of the domestic stocks were handled differently. It was just the foreign stocks that were on this board. And you had to have a certain turnover in your stocks every quarter or every year to stay up there.

So for the first three years we were on it, with General Motors and IBM and all those people. But then, as gold kept going down and down and interest started to wane in gold investment, we came off that, and so then the value of maintaining that listing began to diminish. In London we never did trade much. What we thought we saw there wasn't there. And so that turned out to be a listing that was not beneficial.

Swent: But you must have had a lot of fun.

Conger: Well, and you asked what happens. Well, finally, after you've done all the paperwork and everything--and obviously I didn't do any of that; I didn't do any of the work; our people did--Wayne Kirk and Gene Elam--at that time, it would have been Dick Stumbo and Doug Drumwright before him as CFOs--did all of the work. They and their people did all the work. Finally, when all of that work is done, then sure enough, yes, you go over to Geneva or Zurich or Basel, and you have a signing ceremony where I had to sign I

forget how many copies of these documents for all of the agencies and so forth in each of the countries.

Then a big luncheon afterwards, and then a chance to speak to the group and tell them about the company and all of that stuff. It's heady stuff, and it was a lot of fun.

Swent: It must have been.

Conger: It was a lot of fun to do. Yes, you're meeting the top people in finance and business in these countries, so it is fun. I'd not be telling the truth if I didn't say it wasn't fun to do that. I enjoyed it, yes, yes. Did enjoy it.

Swent: And Phyllis.

Conger: And she--well, yes--it depends on the length of the stay. She never went with me if I was just going to be gone for a day or so because it was so expensive for her to come. But on the others that would be extended for two or three or four days, yes, she used to come along, too. And she enjoyed it too, yes.

Swent: I remember that she did.

Conger: Yes, it was great fun for both of us. Two little kids out there with all these folks! It was a lot of fun to do. And that went on in each of the exchanges for the listing.

And then that required a follow-up every year. Now you have a shareholding group in each of these jurisdictions, and they expect to hear from you. They don't want to just hear from you when things are going great. They don't need you when things are going great. They don't want to hear from you. It's when things aren't going so well. So we made it a point and a commitment to ourselves that, okay, we will go each year to each of these countries and make a presentation, and do it the same time every year, so it doesn't look like--

Swent: To whom?

Conger: To investors, and in each of these countries we had a country sponsor. It was UBS in Switzerland; it was Deutschebank in Germany; and, oh, I'm forgetting which of the mining houses in England sponsored us. I forget just now. So they would arrange our tours over there. They would send out the invitation list: all the analysts and investors, large investors, fund managers and investment banks and so forth. They would invite them to a luncheon, and we would make a presentation to them on what has happened in the last year and what we're anticipating next year.

We did that every year in each of those jurisdictions, each of those countries. So that required trips over there to do that.

Now, the other benefit to that was that Europe was a market for financing mining ventures. And so we kept a line of credit all of these years with a consortium of banks that would then want us to come over--because many of them were European banks or Canadian banks; one or two Australian banks--but they would want us to come over and make presentations to people they wanted to invite to a luncheon because they hoped that we would have a project that would draw on this line of credit, and this was really their main interest in companies like ours.

But by us continuing to show up gave them an opportunity to show off what they were doing. So there was this second audience for our presentations in Europe and in Canada and in Australia, and that was the banks that were part of our line of credit when we needed to either acquire something or develop a new property or something. So there were the two reasons to make these trips and presentations in these various countries.

So.

Baron Von Fink Invests in Homestake

Swent: I was wondering also--well, two things: the German baron and your connection with South Africa.

Conger: Okay. The baron I'll make very brief because you'll be picking that up in time to come. Jack Thompson will have the story on that. I've not met him. Jack has.

Swent: Do you want to say who he is?

Conger: Baron von Fink.

Swent: And his connection with Homestake.

Conger: He's a very wealthy German industrialist that has for years invested in various companies and has taken a very active interest in the companies--not to my knowledge in a management sense but certainly in a very aware investor sense. A very good businessman, understands the businesses that he has invested in, and therefore with one or two seats on the boards of these companies that he invests in, he is able to see how the company is

progressing, have input into the company's policies and programs, and take that kind of an active posture in his investment.

Swent: You didn't meet him.

Conger: I have not met him. Jack has met him. He's been to his home; he's met him in other venues. To this point he and the baron have a good relationship, and at this point I think the investment has been nothing but positive, even though the company stock right now is not doing well at all. As far as I know, it has nothing to do with the baron. But at any rate, that relationship is a new one, to have somebody with that large a holding who wanted even a larger holding and has not yet taken a larger holding.

We've never had that before. The largest holding before was Case Pomeroy, Hadley Case's company, that had a 12 percent holding in the company. Hadley, of course, went on our board, as I mentioned in an earlier discussion, and was a very positive influence on my thinking and the board's thinking. That worked out wonderfully well, and hopefully Baron von Fink's relationship will work out that well for the current management.

Swent: This was not a direct result of your listing on the Frankfurt exchange?

Conger: No, no, no, this was much later. In fact, we have delisted from that exchange. This is way after that, way after that.

Swent: I thought maybe there were seeds in that--

Conger: No, no, no connection that I know of.

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Swent: I had just thought perhaps that was a direct outcome of that.

Conger: No. Those are entirely separate issues. I think that really covers the various stock exchanges and why we were on them and the benefit we did get and thought we were going to get from that. We might just run down sort of a laundry list of things.

X ACTIVITIES OUTSIDE THE COMPANY

American Mining Congress and Uranium Policy Council

Swent: Yes, we're ready. We had a little break here, and now we're back in business.

Conger: There were some other things that went on during my tenure with Homestake which--I don't know if I even need to say this, but what a wonderful opportunity I've had and so fortunate and so honored to have been able to represent the company over the years that I did. Should anybody be so lucky? At any rate, it has been wonderful.

But that allowed me to do some other things that were industry related as opposed to company related. Obviously, the industry being the mining industry, but organizations that are outside of the company--one of which was my association with the American Mining Congress, which is the industry's trade association here in the United States. It's an old, old organization that was founded back before the turn of the century, made up of the principal mining companies in the country. Its purpose was to affect, to the extent the industry and its lobbyists could, to affect legislation and regulation of the industry domestically.

Before joining Homestake, I had been to American Mining Congress meetings, which are held twice a year: one in Washington and then one in one of the other cities in the country generally associated with mines, be it Denver, San Francisco, sometimes Los Angeles, sometimes Chicago--but around the country. And at those meetings the Mining Congress governance group meets. They have a board of directors. They meet, as do committees of the Mining Congress, meet on various issues.

The Congress was set up with each industry having its own committee that looked at specific legislation and regulation that

was specific to that industry, and then the committees would report to the board of directors as committee reports were formulated--policy and so forth--for the board to approve or modify as they saw fit. The board had an Executive Committee that directly oversaw the president (paid employee) and his/her staff.

Before joining Homestake, I had been to Mining Congress meetings at various times, either to present papers or just to go and listen to papers being presented. Then, when I joined Homestake, Paul Henshaw was a director of the American Mining Congress board of directors, and so I became his alternate to that, but more importantly, in this description that I'm giving now, more importantly, I became associated with the Uranium Policy Council because Homestake Mining Company was in the uranium business. We mined and processed uranium ores.

So after joining Homestake and being introduced into the Uranium Policy Council of the Congress, I became chairman of that after the first year or so.

Swent: This was not a separate organization from the AMC.

Conger: No, it was a committee of the AMC. This committee represented the uranium industry as one of the groups in the Mining Congress. So I became chairman of the Uranium Policy Council. It was during that time that we had some major issues--and this would have had to have been '83, '84, 85--that time frame. The issues were centered around what kinds of regulations were going to be promulgated for the remediation of uranium mining and milling, what kinds of regulations were going to be imposed on the industry by the government, the various government agencies.

We, the Uranium Policy Council, had had lawsuits that it entered into on behalf of the industry going back quite a few years. All of these lawsuits had been initiated under the name of the American Mining Congress. Well, by '85, the uranium business --this is post-Three Mile Island now--uranium generally and nuclear power specifically was really under a lot of pressure from environmental and other groups to cease. And so there was a lot of proposed regulation and legislation that were being targeted at the industry.

The board of directors of the Mining Congress--I think this must have been '82--the board of directors, because of Three Mile Island and other negative connotations deriving from the uranium industry, was sort of wanting to reduce the exposure of the Mining Congress to this very adverse publicity. And so they had passed a resolution that any further uranium litigation that comes out of the Uranium Policy Council would have to be under other auspices

than the American Mining Congress, in an effort for them to step away from this. All the other industries had their own problems. They didn't want this extra baggage.

So the board of directors sent the Uranium Policy Council members--and mind you--I didn't explain this, but all of the directors and all of the committee members were people that worked for companies. There was a staff of the American Mining Congress, but they were facilitators. All of the committee work was done by the companies themselves, with the American Mining Congress staff assisting and facilitating. They did not set any policy or do any of that. So these were all member companies' people that were talking back and forth with each other: the directors on the board, specifically the Executive Committee, and then the committee members were also company employees. And so we were talking to each other but through this vehicle, the American Mining Congress.

Well, when we, the Uranium Policy Council, were advised that we were no longer to be able to use the American Mining Congress mantle in these lawsuits, we immediately reacted unfavorably to that because we had all this case history where the Mining Congress had been the vehicle through which we either made our petitions to agencies that were promulgating rules or to the government, the Congress, for enacting legislation. It was all done under the auspices of the American Mining Congress.

And so we had all of this record with them doing it, and now they wanted to stop that. We saw that as a terrible blow to the industry, [it] being very obvious that the industry wanted to disavow itself of the uranium business and just leave us hanging out there. So we had a committee meeting, and the committee said it was awful. By this time, there weren't too many people in the uranium business: Kerr-McGee and ourselves and just two or three others. There were not a lot. But in any case, those of us that were there recognized that this would be a very difficult stigma for the industry.

So I was asked to go petition the board of the Executive Committee on this and persuade them not to do this. So I agreed to do that. That was my first experience with the board of the Executive Committee, when I went to them at one of these meetings. I think it must have been '82. I made the case of why that would not be wise, not only for the uranium industry but for the mining industry. Lo and behold, I persuaded them. And so they reversed that.

But the reason for bringing that up was: it was shortly after this meeting that I was called on the phone by one of the

directors on the board, and there were two groups on the board, really: an executive committee that did most of the work, and then there were another thirty or so directors as the greater body of the board of directors, a total of maybe forty, but ten of whom were on the executive committee that really ran the Mining Congress.

So at any rate, it was shortly after this presentation that I got a call from one of the guys on the executive committee. It was George Munroe, who ran Phelps Dodge. And told me the Congress is selecting a slate of officers for next year, and they wanted not only to elect me as a director but elect me to the executive committee, and that, further, they wanted me to be the--I'm trying to think of the title now--finance director of the board.

Swent: So jumping right in at that level.

Conger: Yes. I think I had already been a director for one year. Yes, I had been a director for one year, then made this presentation on behalf of the Uranium Council, to the executive committee--that was it. So at any rate, he was calling me to tell me that they would like me to stand as a member of the executive committee and that I would be the finance director. I can't remember if that's the right title or not, but that's close enough.

Like any organization like this, there are a series of chairs you go through that then set you up to be the chairman at some future date. This finance director was the step before becoming chairman. He said, "We would like you to be the finance director."

I said, "Oh."

He said, "Do you know what that means?"

And I said, "Well, I think I do."

And he said, "Well, I'll tell you, just so that you know. It means that you would serve for one, two, or three years, depending on how long the current chairman serves, as finance director and then you will become chairman at the end of that."

I said, "Yes, I thought that's what it meant." So at that point, they were electing Ralph Bailey, who was a coal guy that has been in our story earlier, as the guy that I knew and worked for at Consolidation Coal Company. He was to become chairman, and I was to become his finance director. And so that did happen. I was his finance director, the executive committee's finance director for three years. That was--let's see--it must have been

'83 to '86. Yes, '83 to '86. In '82 I became a director, and then '83 became the executive committee finance director, and then in '86, when Ralph stepped down as chairman, I became chairman of the Mining Congress.

It was at that exact time that Allen Overton, who had been the president and the paid administrator of the Mining Congress--and he had been that for years, more than twenty years probably; I can't remember how many, but a long time--and he was stepping down as president of the American Mining Congress. And so we had interview and hire a new person to do that. And so Ralph Bailey and I and a couple of the other directors were the committee that was going to select this person.

We met for two or three times in '85 to interview people for this. Interviewed interesting people. We were not in agreement, the four of us, on whom should be Allen's successor. One of the people I really liked was Ann McLaughlin, who had been Secretary of Labor under Reagan and a very impressive woman. I had gotten to know her a little bit in those earlier days. So anyhow, she interviewed for the job. Now she was out of office, so she would be available to take that job.

But some of my male colleagues--in fact, I think the other three male colleagues--were not in favor of that. But I thought that would have been an interesting thing. First of all, she was very capable to do it. But secondly, as a woman in a man's industry--and this is back in the mid-eighties now--she would have gotten attention that would have been far more favorable than anybody I could think of, as somebody that would make a difference--you know, come in and make a difference.

But at any rate, I was not successful in pushing my preference on that. We did select a person, Jack Knabel, to be the new president of the Mining Congress. And so I started out my tenure as chairman with a new president, who had come--he was a lawyer, come from a law firm, never had done any of this before. So the two of us sort of groped our way down the hallways of Congress and so forth to press our issues for the first few months until we learned the ropes.

The thing that sort of compounded the situation, compounded the problems in the situation was the fact that the mining industry in the mid-eighties was really in the tank. It was only the year before, in '84, that the *Business Week* cover was a skull and crossbones and said, "The Death of Mining," on the cover. And so here our industry was rustbelt, a polluter, a maimer of people, and its workers all get hurt or killed--everything possibly bad that you can think of was all coming out at that time.

So it was an interesting three years that I got the opportunity and the privilege of representing our industry during these times, when it just seemed like every time something else came out it was just more bad news. But we weathered our way through that, downsized the Mining Congress because our revenue from the member companies was diminishing as companies become less profitable, and many were unprofitable. They dropped their dues, membership.

So we were able to get through that in a fashion that allowed us, as things picked up toward the end of the eighties, to get back in stride again and really led us to the point that I had tried to do, but was unsuccessful, in combining the coal industry association with the American Mining Congress into one association, eliminating a lot of the overhead and getting a larger dues structure so that the overhead we had would have more to work with.

I talked several times with the fellow that was running the Bituminous Coal Operators Association about merging. I was just unsuccessful in getting his ear. We were looking for our new president at the time, which I thought would make it really a good time to do that because at least one person wouldn't be fighting for his job because early on we hadn't hired this person yet. And so I thought that would be a good opportunity to do that.

But we were unsuccessful in doing that. And then it was--let's see, '89--it was about four years later that the Mining Congress got around again to addressing that, and we did merge with the Bituminous Coal Operators Association and formed what is now called the National Mining Association, which is both coal and hardrock mining. That has worked out very well. Like most things, it revolves around people, and the fellow that the bituminous coal operators had just hired to replace their long-standing president--that fellow, Dick Lawson, who was a retired general in the Air Force, was doing a great job for them and has continued to do a great job for both the hardrock and coal industries. So that has worked out very well.

But that was an interesting time for me and allowed me the opportunity to meet a lot of people in our industry that I really wouldn't have otherwise had a chance to do. I felt that was very beneficial to me.

Attempting to Revise the Mining Law

Swent: What were some of the principal legislative issues that you were addressing?

Conger: Probably the main one was the rewriting of the Mining Law.

Swent: The so-called Law of 1872?

Conger: Yes, yes.

Swent: Which has been rewritten a hundred times? [laughs]

Conger: That's right, but our detractors were so clever in always getting everybody to put in "the Law of 1872" because right away the average person would think, "My God, how could that law be applicable today?" So clever. But as you know, it was amended a hundred times. I used to like to tell the story of the farmer that had the same ax for fifty years--two heads and three handles, but it's the same ax.

Swent: [laughs]

Conger: Well, that's the way it is with the Mining Law. The argument that one, you're only paying $2.50 an acre for the rental fee on this land--you want *us* to go to the government and say you want us to pay more? Why didn't the government tell *us* to pay more? We were never asked to pay any more! So who is ever going to go ask for a rent increase?

Swent: Right.

Conger: So all of those arguments fall on deaf ears, but that was the main issue through all of this period of time from '84 until today, really, because it has never been resolved yet.

While I was chairman of the Mining Congress, I did make a plea to the executive committee that we seriously entertain writing a bill and taking it to Congress that would have us pay a royalty, which was one of the main issues on this, would have us pay more rent, and would solve some of the violations of intent of earlier laws, such as: you or I or anyone can go and stake a claim and hold it for a hundred dollars a year assessment, and then build a cabin on it or do all kinds of things that were not intended. Let's propose remedial action to keep that from happening. As an industry, we don't want it to happen. We don't do that. But people are, and so it's being thrown up in our face all the time that this law is not good for the country.

The reason I brought it to the Executive Committee was that our Homestake guy that did our government affairs stuff for us used to be the administrative assistant of Mo Udall.

Swent: Who was that?

Conger: Bob Reveles. He was Mo Udall's administrative assistant for years. When I hired him, he decided that he just had had enough of that. We didn't have anybody--we had never had anybody like that, but we sure needed somebody like that. So Bob joined us and worked directly with me on all of this because I was chairman of the Mining Congress, so between the two of us, we had an audience just about anyplace we wanted.

But Bob had this relationship with Mo Udall, and Mo Udall was from Arizona, and his state is one of the big mining states in the country, the largest copper miner by far. Mo agreed that he owed the copper industry something because they supported him through the years, in Congress, and that if we wanted--and this was through Bob Reveles that this all was able to come about--if we wanted, he would take our bill and sponsor it in Congress. Of course, it was a Democratic Congress, and he was a Democrat. Also, Mo chaired the Interior Committee's mining sub-committee.

And so I thought, well, in all the years now I've been involved with the Mining Congress, this has been hanging over our heads, and we just continue to lose ground on it. Here could be a chance to sort of seize the moment and get something passed. Sure, we don't want to pay a royalty. We don't want to pay more lease fees. But why don't we do it on our terms rather than on somebody else's terms, and make it more like we do with each other. If you've got a claim that I like, I'll lease it from you and I'll pay you rent for it. We do it between ourselves. Why would we keep arguing with the government we shouldn't do it with them?

So I took it to the executive committee, and they said, "No, no, no. Boy, if you give in, then you're dead. Then you're dead." So I was unable to persuade them to do that. But I still to this day think that we could have gotten it done. It would have taken enough of the pressure off of the groups that were pushing it that it would have been very difficult for them to up the ante later, by increasing the royalty rates and all of that.

So that was--

Swent: It's better to compromise a little.

Conger: Yes, that's what I thought. We had this unique opportunity in that Mo Udall, who was progressively becoming more ill with his Parkinson's disease, wasn't going to be around that long--and, as a matter of fact, he only served one more term after that. So it just seemed like a window on time that if we could have agreed on that, would have really helped. But it didn't come about.

Swent: That's a shame.

Conger: So I served as chairman of the Mining Congress from '86 to '89, which was--you know, we served annually, but we could only serve three terms, by the bylaws, which is right; it shouldn't be any longer than that for any of us, just to keep new people coming in and new ideas and so forth. So from '86 to '89 I served as chairman, and because I was still active at Homestake for another six years as chairman and CEO, I was still on the executive committee after that. Milt Ward became chairman then for the next three years, and then Allen Born took it after Milt.

But at any rate, I stayed on the executive committee until I retired, and Jack became a director. I don't think Jack's on the executive committee. When I retired I really petitioned those guys, the directors, to put Jack on the executive committee because I had been on the executive committee for twelve or thirteen years by that time, so it's sort of nice to be in that inner group, where you can affect more of the things that the organization works on.

So until I retired, then I was a director, and then I was Jack's alternate after he took over for a year or so, and I am an honorary director--of course, this now is the National Mining Association because in '93 or '94 we merged that with the coal group.

American Mining Congress Distinguished Member Award

Conger: I guess one other thing: In 1990 I think it was, or '91; probably '91--the Mining Congress honored me, recognized me as a distinguished member and gave me a trophy that stands--

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Swent: You were just saying that a trophy about three feet high?

Conger: About three feet high. Gary Prazen--

Swent: One of Gary Prazen's miner's trophies.

Conger: Miner's trophy, with a guy single-jacking on a face.

Swent: These are bronze.

Conger: These are bronze figures, yes. This distinguished member award and trophy or sculpture was started by Ralph Bailey. Ralph had been active in the American Petroleum Institute, which was the equivalent of our Mining Congress in the petroleum industry. They awarded one of their people this award whenever they felt it was deserved. And so in his last year in the Congress, he had the board propose this, and the board voted to start making this award the next year.

Well, I was chairman the next year, and I got to present the first award to Ian MacGregor, who was Amax, Climax guy and a very deservedly well-known person in the business. And then the next year I got to present one to Plato Malozemoff, who is another giant in the industry. And the third year, my last year, I got to present one to Chuck Barber, who is the former chairman of Asarco, the company with whom I started work when I got out of college. I had always sort of kept tabs and contact with those people just because I like them, so it was great fun to be able to present Chuck with his.

So anyhow, I got to present the first three, to three people I had known since I was a young guy--known of, not known, but known of. And got to present them with their awards. But in any case, I was lucky enough to receive one I think in '92 or something like that, so that was great.

Swent: Where is it?

Conger: It's in my den.

Swent: I don't see it here.

Conger: Oh, no, no. I don't keep that kind of stuff around here, in my "public" office.

Swent: It's pretty heavy.

Conger: Yes.

Swent: It's hard to move around.

Conger: Oh, yes, it's hard to move around. That's for sure.

Swent: They're beautiful sculptures.

Conger: Yes. Next time you're at the house, I'll show it to you. So that was an activity outside of--

Swent: Well, that's really the pinnacle of mining achievement, isn't it?

Conger: Well, it certainly is a great honor, and I was just really privileged to serve the industry in that.

Swent: That's the top.

The World Gold Council

Conger: Another thing that I became involved in was the World Gold Council. We've talked about that earlier, and just to recap that quickly, it was an activity that was designed to promote gold generically. The South Africans had pioneered this, had done very good things with it in the late seventies, early eighties, and because of apartheid they were starting to be denied access to media outlets in North America. And so they were looking to create another organization that they could participate in and help fund, but yet wouldn't be seen as a South African activity, and therefore deny the gold industry the opportunity to promote itself.

And so because of Homestake's longstanding position in the gold mining business--it predated the South African mines by twenty years or so--the South Africans and the Homestake Mine have been associated with one another for years on technical matters. That, plus the fact that I was associated with South African mining companies through a directorship that I had, ASA Limited--the president fo the South African Chamber of Mines came to me and suggested that we think about forming a world organization of gold miners, to promote gold generically.

Since Paul Henshaw and I had sort of been following the South African activity of marketing their gold through an organization that they had named Intergold, we were impressed with what they were doing. By this time, Paul was no longer active, but that earlier time that he and I watched this made me think that it probably was time to form an organization like that.

So I agreed with the South Africans that we ought to do that. We convened a meeting in the Homestake board room in the summer of '86 to do that and pick up from the South Africans the

structure that they had already put in place, move it to Geneva from Johannesburg, so that it had an international base, and start out new members--I think we started out at two dollars an ounce assessment for each of the new members. The South Africans would continue to pay three dollars an ounce.

Swent: Per ounce of your production.

Conger: Ounce of production, yes.

Swent: Annual production.

Conger: Annually. Paid that annually, correct. An ounce of production annually.

Swent: Two dollars seems like kind of a steep assessment, isn't it?

Conger: Oh, that's what everybody thought, but the South Africans were paying more than we were. Yes, that is steep. It turns out to be, well, at $300 gold that's one and a half percent, something like that, so it is a lot.

Swent: They must have thought it was pretty important.

Conger: Yes, absolutely. By this time, Homestake was producing over a million ounces, so our tab--I think we were all paying $5 after the first year. Thus we were paying about five million dollars a year for this. And other companies were paying the same thing. So we agreed to do that.

We got good support from Newmont, who by then was one of the big producers. Barrick was just coming on, and they became active in it. Placer-Dome at that time--early on it was Dome and then it became Placer-Dome--were members. And then Western Mining in Australia was at the first meeting in our board room, and they came on board.

So we were really quite successful in expanding from just a South African group to an international group, right out of the box. And we had the whole thing set up by '87 and were out promoting gold as the World Gold Council, under that name in '87 and onward. Some will say coincidentally and others will say because of what we were doing: all of a sudden the use of gold jewelry went up dramatically. In '87, '88, '89 we saw a tremendous increase in gold jewelry sales, ounces of gold going into the jewelry trade. By 1990 the jewelry trade was actually using more gold than we miners--not just the Gold Council miners, all gold miners--were producing. The jewelry industry was using over 100 percent of the newly mined gold each year. So as I say,

some will say, well, that was coincidental and others will say, "We were promoting gold. What did you expect?" Certainly our World Gold Council staff told us that.

So at any rate, part of the incentive to start the Gold Council was: we gold producers could see with the new Barricks of the world and the other companies coming on with these new projects, large producers, that there was going to be a lot more gold coming on the market than we had seen before. One characteristic of the gold market had always been that we could always sell our gold every day. It cleared the market every day. It didn't sit in inventory. It was only a question of what price we sold it, and most of us fixed it on the London A.M. or P.M. fix. That was the only question to ask, was "Okay, what's the gold price today?" But there never was any question, "Can we sell our gold today?" Gold cleared the market every day.

Now, with gold production forecast to double in the next ten years, would that still be the case? And so that was one of the things that caused us to invest this $5 million a year in promotion, to make sure that that didn't happen, that we didn't start to see inventories of gold like we do copper and other metals. And so as it turns out, whatever the reason is, gold in jewelry just took off. And so it did not become a problem of being able to market our gold every day as we brought it to market.

So we achieved that. We had also hoped that in all of this there would have been an appreciation of price that would be seen as worthwhile by the buyer of gold, either in ingot or jewelry form. We did not see that. All during this period of time, we saw the gold price slowly erode from the high three hundreds down to the high two hundreds, which is where it has been for ten years now or so.

So we achieved one part of the goal, which was to see that gold cleared the market every day and not be inventoried by we miners or some middle people with an overhang, to then match the overhang of the central banks and governments that hold gold, so that part worked. But what didn't follow and what we had hoped would happen, was that the price of gold would continue to move with at least the inflation increases so that we didn't lose any ground, but we didn't see that happen, either.

So the council has gone through a tough period of time, as organizations do when markets are not kind, and membership was becoming more of a problem as we went into the nineties, so the council had to make some tough choices and changes. One of the things that I didn't mention was how the council was structured.

We had a board of directors, who were picked by country and company, and each country was allowed two directors on the board. And so then it was up to the country to decide amongst its gold producers who was going to be on the board. Usually it was the larger producers that were on the board.

In the case of the United States, Homestake and Newmont were the two largest producers, so we were not only organizers of the organization back at that meeting in '86, but we stayed on as board members because we were the two largest companies.

Swent: Who was your counterpart in Newmont at that time?

Conger: Gordon Parker. He was at the original meeting. A very active, and that's a great lead-in question because we had to pick our first chairman at the organizational meeting. So somebody suggested that I be chairman of it, and I said, "Well, I know we're meeting in my room, but," I said, "I've just become chairman of the Mining Congress, and I won't have time to do that, too. I can't do that. I appreciate your suggestion." I forget who it was who suggested it.

But I said, "I think a good person to do that would be Gordon Parker." And so we started out. Gordon was our first chairman. We set it up that we would rotate the chairmanship three years at a time--yes, they were three-year terms; year on year, but as many as three years. And we would rotate by country. And so the U.S. would be first, Canada next, Australia next, and then we figured that would be far enough down the line that we could have a South African be a chairman. By that time, it would not be seen as a South African organization.

And so that's the way we set it up. So Gordon was the first chairman, from the U.S. Then we went to Canada. Frazier Fell of Placer-Dome was chairman. Then we went to Australia, and Hugh Morgan, Western Mining managing director, was chairman. And then we went to South Africa, and [pauses as he tries to remember name]--Gold Fields--Robin Plumbridge was chairman. He was managing director of Gold Fields. He was chairman.

So that takes us up to about '92, I guess. [Does some arithmetic calculation under his breath] It must have been two-year terms. Two, four, six, eight. Yes, two-year terms, not three-year terms. So then that takes us up to '92, I guess it was, or '93, and we're back in the United States again for a chairman. So I was chairman then for two years. It must have been '93 to '95--let me see--no, it was '95 and '96 I guess I was chairman. But in any case, when it got back to the United States

again, whether it was two-year or three-year terms--I'm pretty sure it was two-year terms.

But by the time I became chairman again [sic; hadn't been chairman before] we were seeing the gold price continue to drop, membership became more and more of a problem, and emphasis on the promotion of gold jewelry--some of us felt the emphasis needed to change even though gold jewelry was a great offtake for our gold production; it took it off the market. And it was what we called "sticky" gold; it doesn't come back on the market very easily because people don't normally sell their jewelry.

That was all good, but it made gold more like a commodity, and so it didn't express gold's other value, which is a store of wealth. And we needed to do more to promote gold as an investment medium as well as an adornment, which we hoped and felt might call for a higher price than to sell gold as a commodity.

So it was during that period of time that I was chairman that we really started to address that issue. All the while, we had to keep downsizing because the council's revenue was diminishing. We were losing members because of the high assessment that we were charging ourselves, and companies just didn't feel they could afford to pay it.

So we had to go through that again with that organization (as happened during my terms as American Mining Congress chairman): downsizing, trying to be more efficient with what we had, and also change the direction of our promotion--not so much in jewelry but more in store-of-wealth attributes of gold. That, of course, gets to be a philosophical kind of discussion. It's a lot harder to demonstrate what kind of impact you're having on that versus jewelry, where you can count up how much jewelry is being manufactured every year and sold.

So we went through that period of time.

Swent: Of course, in Asia it's both.

Conger: Exactly. It's both. And we tried to point that out to a lot of people in the western world: Look at our friends in the eastern part of the world that use high-karetage gold as an adornment but it's really money, and they can exchange it for money any time that they want to. That was a key part of the argument of east versus west and why aren't we smarter in the west.

But one of the things that has happened recently that really has made the gold council what we had hoped it always would be, a spokesman for the gold industry but a force in the industry--and

that event happened just last year with central banks starting to sell gold in the mid-nineties. The Dutch started it first. The Canadians have sold virtually all of their gold. That became a real, real burden for the gold market to bear because if these central banks that had held gold as an asset were selling it, wasn't that really saying that gold has no other value other than jewelry? That's really the only value there is.

The IMF Gold Auctions in the 1990s

Conger: So the World Gold Council and the Gold Institute here in the United States--both organizations, and both were equally effective--petitioned Congress early last year, successfully, to not grant further IMF [International Monetary Fund] loans if the IMF was going to sell its gold. See, the IMF was set up years ago with each of the participating countries putting gold into the hands of the IMF, with which then they could collateralize their loans to third-world countries to help them develop.

The IMF back in the late seventies had a series of six gold auctions to raise money to help third-world countries because the gold price had started to run up back then. So the IMF had a series of six auctions, and interestingly enough, in each auction the gold price was higher than the preceding one. And by the sixth auction, the third-world countries that were going to be the beneficiaries of that sale said, "Hold it. Just give us the gold. Don't sell it." They wanted to take the gold and let it appreciate.

That was the last auction that the government held until last year--a lot of pressure for the IMF to start selling gold again. The Gold Council and the Gold Institute successfully petitioned Congress to not fund any further IMF loans if they're going to sell any gold. The IMF agreed to that. And then, within months, several months, a consortium of fifteen of the central banks in Europe agreed on a five-year moratorium not to sell gold.

And so those two things really showed the strength and the value of the World Gold Council and the Gold Institute. So those, in my mind, justified all of the effort and work we had put into it--and money we put into this organization, to do just that, to have just that kind of influence.

The Gold Institute

Swent: You mentioned the Gold Institute.

Conger: The Gold Institute is a group that goes back--oh, gosh, I can't remember how many years it goes back--but well into the sixties and maybe even the fifties. Strictly U.S., not political, so it didn't lobby, but what it did do was track and monitor gold sales in the U.S.--actually worldwide, but primarily in the U.S.--and was a source of information and knowledge for Congress on gold. They didn't lobby. They weren't registered as lobbyists. They didn't lobby, which really made them more effective because it wasn't a political thing. They were a source of information and data for the government that was unbiased.

So it existed in that form for years and years until about '92 or something like that--'91, '92, '93, somewhere along in there. There was so much adverse activity against mining and gold in particular that the Gold Institute reorganized itself as a lobby group so that it could petition Congress on issues like the Mining Law and other matters, like the IMF sales and so forth. So it did become a lobby group in more recent times.

But it has been very effectively run by a fellow named John Lutley, who has tremendous respect in Congress and the various agencies of the government--Treasury and the other agencies--because he's just such a forthright and honest guy. They still use him as a source of information and understanding of gold and its role as an asset as well as in jewelry.

Swent: What has been your relationship with the Gold Institute?

Conger: Well, Homestake was one of the early members of the institute. I, because of these other things I was doing--I never did go through the chairs at the Gold Institute. Jack has. And I'm sure Paul did before I showed up. But I didn't take any leadership role there.

Swent: Jack has recently been president of it, hasn't he?

Conger: Yes, yes.

Swent: But you were not closely involved.

Conger: No, no. But an excellent organization. And John Lutley is one of the best people in our industry on that side of the house. Very capable.

The Western Regional Council

Conger: I think I mentioned earlier about the Western Regional Council. We've already talked about that, which was a Rocky Mountain organization that we belonged to and still belong to. That was another lobby group that was effective, more so in the earlier days than now because it has expanded to include states like Hawaii and Nebraska. But originally it was just the Rocky Mountain states. But that organization continues.

Directorships of Public Companies

Pacific Gas and Electric [PG&E]

Conger: Then I've enjoyed directorships on some other boards. I think in order of election to these boards: In 1982 I became a director of Pacific Gas & Electric Company, which is the northern California gas and electric utility and still by most standards is the largest investor-owned utility in the country.

California Portland Cement Company; Calmat

Conger: Then in '84 I was elected to the board of the California Portland Cement Company, who make cement in southern California. And later that company merged with Consolidated Rock to form a new company called Calmat. They were in the cement and aggregate business from that point on.

American-South African, Ltd. [ASA]

Conger: And then in '86 I was elected to the ASA board. That stands for American-South African Ltd., which is a closed-end mutual fund of South African gold stocks. It's a South African corporation, but it's listed on the New York Stock Exchange and therefore U.S. citizens can own shares in a company that owns shares in South African gold stocks so, again, those investors don't have to go through ADRs to invest in South Africa. As I say, I went on that board in '86.

And then in '87 I was elected to the Baker Hughes board. Baker Hughes is an oil service company. The year I was elected--in fact, at my first board meeting, Baker merged with Hughes. Actually, they acquired Hughes Tool, forming what then became Baker Hughes. And so I joined their company just at that meeting where those two companies were joined.

Now the status of those boards are: PG&E--I am still the director.

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Conger: I was just saying what the status of those boards are now. PG&E, I'm still a director and will be until a year from this April, when I reach the age of seventy, and that's mandatory retirement.

CalMat was acquired last year by Vulcan Materials, an East Coast aggregate company that acquired CalMat, and so CalMat went away, and I retired from that board. None of we CalMat directors went on the acquiring company's board.

The ASA board--I am still a member of that and likely will be for some time. Our most recent chairman retired as chairman when he was eighty-nine so I will continue to do that for some time.

The Baker Hughes board has a mandatory ten-year service period, at which time you step down, or age seventy, whichever comes first, so in '97 I had served my ten years with Baker Hughes, and so I have stepped off that board.

Apex Silver Mines

Conger: But then the following year, in 1998, a small startup silver company had approached me before, while it was still a private company, to start working with them. I saw some interesting things that they were doing, and I'm a great believer in silver and not believing that it's going to see its demise because of digital cameras. I think it's going to continue as a viable metal. So I had been working with them. And then they went public last year--actually, went public in the fall of '98--and I went on that board.

Swent: What is the name of that company?

Conger: That's Apex Silver Mines. It's listed on the American Stock Exchange. All of the other companies were or are listed on the New York Stock Exchange. Apex Silver is on the American.

Trustee, California Institute of Technology [Caltech]

Conger: So those are the public companies that I have served on. And then the other board that I'm on is the board of trustees of California Institute of Technology. I joined that board in 1984 and have greatly enjoyed that association with some very remarkable people, both on the faculty and on the board. It's been a very rewarding experience for me.

Member, National Academy of Engineering

Conger: So those are about all--oh, in 1990 I was elected to the National Academy of Engineering, which was a honor to be so recognized. The academy is a sister academy to the National Academy of Sciences and the Institute of Medicine. Those three academies jointly sponsor the National Research Council and the projects that they undertake. The Academy of Engineering has about 2200 members now, I guess, representing all of the different engineering disciplines in the United States--and foreign--there are foreign members in it as well. So it's a small group, and I certainly was lucky to be selected as one of the people to be in that small group.

So that's about my list.

Swent: Okay. Well, I think it's probably time to stop now.

Conger: I have to go grab my lunch, yes.

Swent: But I'd like to go back and delve into each one of those things a little more.

Conger: Okay.

Swent: It's not fair to just give a list of those important things.

Conger: Okay. There are some interesting things, especially with PG&E with Diablo Canyon and all that.

Swent: We'll want to get into some of those things and also I selected the 1991 annual report as one that I thought you might want to comment on.

Conger: Okay.

Swent: Do you remember that one in particular?

Conger: No, '91, no.

Swent: You said this was one of the worst years ever.

Conger: It was a grim year, I remember that.

Swent: "By several measures, 1991 was the most difficult year in Homestake's 115-year history." This is the letter over your signature.

Conger: Let me review that before next time.

Swent: I just thought--that must have been a very difficult letter to compose.

Conger: Yes.

Swent: Anyway, I thought we might give you a chance to look back at that and see if you were right.

Conger: See if it *was* the worst.

Swent: [chuckles] Did things get better after that, or even worse?

[Interview 7: January 20, 2000] ##

Swent: This morning we're going to talk about directorships and some things that maybe aren't so intimately connected with mining but all connected. I think you said that in 1982 you went on the PG&E board. That was a very, very big one, so let's go into that.

Conger: It was interesting how that happened.

Swent: Yes, I'd like to know that.

Conger: I was a newcomer to San Francisco, had just moved there seven years before, which may seem like a long time to a lot of people, but in the scheme of things, that still made me a newcomer in the city. Of course, our Homestake mining business had little if anything to do with the city of San Francisco or the Bay Area. We had nothing of any importance in the Bay Area. Our office is only

seventy people, and it has been that forever. It didn't make us a large employer.

So at any rate, it was a great surprise to me when I was invited to a lunch with then-chairman-CEO Fred Mielke.

Pacific Union and Bohemian Clubs

Swent: Where was the lunch?

Conger: The lunch was at the PU [Pacific Union] Club. As an aside to that, that was back in the days when the PU Club was not only a gentleman's club but a club in which business was and could be transacted. Subsequently--times have changed--and now club memberships are viewed in the larger context of equal employment and equal opportunity for men and women and racial minorities; clubs have had to restructure themselves, and today the Pacific Union Club, of which I'm still a member, is strictly a social club. All we members have agreed and sworn that we will not use the club for business purposes, so that means that any expenses that we incur there for ourselves and our friends is on us. There's no third-party reimbursement for any of our activities at the club.

Swent: A lot of valuable contacts are made there.

Conger: Well, that's true. And they were. But that has diminished quite a bit now. There's still a lot of contacts, but they truly are social contacts now because we do not conduct any business there and cannot use the club's facilities for anything other than social purposes, which we all agreed to and we all think that that's the right way to do things.

Swent: Let me just interject one thing that I'm always curious about. What about drinking at these clubs? Have you seen a change in the luncheon drinking, for instance?

Conger: Well, you know, that's an interesting question. Back in Jimmy Carter's time, there was all this talk about the three-martini lunch. Well, back in Jimmy Carter's time, I was out at a mining camp, and nobody in the mining camp even knew what a martini was, much less have them for lunch. So that was never something I was exposed to until I moved to San Francisco. I've got to say back in '75, when I moved here, I was amazed how little drinking there was, after having heard all of these things about what people do, in the city, for business.

So I never did see any evidence of drinking at lunchtime. Perhaps a glass of wine, and that usually in the context of a celebration of having done a contract with somebody and you took your new client out to lunch, and you had a glass of wine to celebrate the new contract or whatever it was. So I never saw that. Obviously, it happened enough somewhere for the media to pick up on it, but I wasn't around any of that. So no, I haven't seen a change in the drinking habits. It was what I would call very modest then and continues to be.

Of course, in recent times, now it's on the member's tab. Whatever he does, he's paying for it, and if he has a guest, he's paying for his guest as well, which is the way it should be. So I really haven't noticed a change in that.

So anyhow, the club life has changed to that extent for a club like Pacific Union Club, which is all male--not all white, not all Caucasian members; there are members of other races, but they're all male. We have one other club in the city that I belong to, the Bohemian Club, that is the same way: all male, but totally a social club, no third-party reimbursement for any of the activities. So that's sort of the club activity.

Learning the Utility Business: PG&E, Diablo Canyon, and Helms

Conger: But to get back to the original point, which was I was invited to lunch back in '81; probably it was 1981 when I was first contacted by then-chairman and CEO, Fred Meilke, of PG&E. He and his president, Bart Shackleford, hosted me at a three-person lunch at Pacific Union Club.

Swent: Had you met them before?

Conger: I had not met either of them before. My thought when his secretary called and made the appointment--my thought was: They want to buy some uranium from us for the hopefully soon-to-be-opened Diablo Canyon, which had been under construction since 1969.

Swent: The power plant.

Conger: The power plant, nuclear power plant. So I thought: They are looking for some uranium, because Homestake produces yellowcake, and it's a source of uranium for power plants. So when I met them for lunch, we had a nice lunch and chatted about a lot of things. Because the electric power industry is of great interest to me,

happily I knew a little bit about that and about PG&E and what percentages of electricity they got from hydro and other things, because of what I had read in the newspaper.

Swent: Why was this of interest to you?

Conger: PG&E was in the newspaper so much then because of Diablo Canyon and the resistance to developing that nuclear power plant. And so all of their business was in the newspaper almost daily at that time. I was more conversant about it than I would have been otherwise, I'm sure.

There was one other interesting tie to PG&E. Years before that, several years before that, Arthur Hailey, the author, had written a book called *Overload*. The utility that he modeled for his fictitious model was PG&E. Without any direct reference, you could just tell it. If you lived in the Bay Area, you could tell it was PG&E. So that was sort of an interesting thing. I brought that up, and I told both of them that they didn't look anything like the characters in this book! They sort of got a kick out of that. Several years later, Phyllis and I met Arthur Hailey and his wife Sheila while riding on the Blue Train from Johannesburg to Cape Town. We spent a delightful day and a half together.

So at any rate, a nice conversation, a nice lunch. We talked a lot about their business because I was somewhat conversant about it and was interested in it, and then they wanted to know about the mining business, gold mining, so I told them about that. So at the end of the luncheon, they said, "Well, you're probably wondering why we asked you to lunch."

And I said, "Yes. I assumed it had something to do with uranium."

They said, "No. We would like you to join our board."

I said, "Gee, that's a total surprise. I didn't expect that." I said, "Why? Why me?"

They said, "Well, our board has been the typical utility board that has had financial people because we borrow a lot of money. It has people from various parts of the northern California area that we service, so we have representation from people from the Valley and from Marin and down toward Paso Robles. We've had board members like that, but now, with our Diablo Canyon project, which is very technical and utilizes much of the engineering and technology that goes into modern electricity production, we thought maybe we could benefit from having people with an engineering background, more people with an engineering

background on the board. So that's how we identified the type of person."

Frankly, I don't recall if they said any more about how they identified me out of that group, although there probably weren't a lot of engineer chief executives in the city at that time. So at any rate, I said, well, I would have to ask my board about that, if that would be okay with them, and I'll get back to you. I did mention it at the next board meeting, and the directors were very enthusiastic about that. Thought it was very nice that I was asked to do that. And so they agreed to that.

So I went on the board. And I tell you, the utility industry is just a whole new world. It is nothing like any other business, because it was all regulated. It was a franchise, and it was the only game in town. Their method of operating and keeping track of their books and accounts is totally different than public companies in general because instead of having to compete against other companies for business, the utilities have to convince the Public Utility Commission that oversees their activity and has issued this franchise to them--they have to convince the commission that their costs are reasonable so that they can get reimbursed for them through rates that people pay for the use of electricity and make the guaranteed--I'm sorry, I said guaranteed--make the authorized rate of return that they've been authorized to make by the PUC.

The PUC says, "You can make this rate of return--usually somewhere between 10 and 12 percent--on invested capital," and it's up to you, then, to make it, and you have to justify all your costs to them to make your authorized rate of return.

Swent: That would be the equivalent of profit?

Conger: Yes, that is the profit. That is the equivalent of profit. And that works out to be a net income of so-and-so. Many of the years I've been on the board--I've been on the board since 1982--many of the years we did not make the authorized rate of return, so it's not a guaranteed thing by any manner or means.

Swent: How does the pressure from stockholders compare?

Conger: It is difficult for stockholders. Before the oil shocks in '73 and '78, the utility business was pretty ho-hum. Costs were escalating with inflation, but no more than inflation. People didn't really focus on their electric bills as much because they were pretty constant. They were increasing all the while, but gradually. Then, with the oil shocks in California and particularly northern California--well, southern California, too--

using so much oil and natural gas for power, felt that immediately. So that brought a whole new set of dynamics into utility stocks.

Before, they had been looked at as very slowly appreciating stocks that paid high dividends; they had a high yield, so people that were on retirement income would buy utility stocks because you paid high dividends, relatively high compared to other industries--because it was a sure thing they were going to make their authorized rate of return. It wasn't a whiz-bang, but it was constant, and it was good, so investors got their money back through dividends, not through stock appreciation. They were not growth stocks, so people would invest with that in mind, that every month they would get a check or every quarter they would get a check from the utility for their dividend, and they would use that as income in retirement.

That all started to change with the oil shocks. That caused the company to alter its practices, too. Some of the things that the company tried to do early on, after the oil shocks, was lock in oil prices into the future--and gas prices--which seemed like a prudent thing to do at the time, but thinking back in '78, '79 and '80, we had that high inflationary period, and then it fell off '81, '82, '83, '84 and '85. Inflation started to go down. President Reagan's program was working, and inflation was starting to abate.

And here the utility had entered into these long-term contracts for oil and gas; looking backwards at what had happened in oil and gas and not wanting it to go up any higher or limit how much higher it could go. And lo and behold, the gas price started to go down and the oil price started to go down. A lot of criticism from TURN and other consumer organizations because the spot price for oil and gas had become lower than the contracted prices.

Swent: Let's see, TURN is?

Conger: Toward Utility--

Swent: Regulation?

Conger: Rate Normalization, I think.

Swent: I can look that up. Anyway, it's a public interest--

Conger: Consumer interest group. So at any rate, that was all going on when I joined the board. But the big issue when I joined the board was Diablo Canyon. The effort that was needed to continue

to finish constructing the facility and get final permission from the NRC [Nuclear Regulatory Commission] to start it up and of course get permission or concurrence with the California regulatory Public Utilities Commission, get their permission to put its cost in the rate base so that the company could start earning back its rate of return on it.

So that was all happening when I went on the board. A great deal of turmoil, a lot of new ground. The utility people, all very capable people, were faced with circumstances that they had never seen before, and nobody else had seen them either, so it made for some very interesting times. Some very difficult decisions had to be made. A lot of criticism by these groups, using hindsight just far enough back to prove their point, not any further back, but created a lot of difficulty for the management.

Swent: What were some of the decisions that you found particularly difficult?

Conger: Well, the decision to continue to go ahead and get the facility into rate base--constructed, on line, and in the rate base was something that we discussed almost at every board meeting. In fact, in those days, the board met every month. Probably discussed that at every board meeting, making sure that we were looking at the entire picture and whether our judgment to continue to press to get it constructed and operating was a sound business decision.

Swent: This was a fiscal decision.

Conger: Yes, partly. And a practical decision: Can we do it? Can we get it approved and actually started up and running? It was not for sure that we could. During this period of time, things happened that were caused by the utility that were a problem. One of them was we appeared to be right on line to get it approved by the NRC, the facility approved--that's the Nuclear Regulatory Commission, federal--their approval was forthcoming, so with that then we were confident that we could get the PUC to agree that yes, they would put it in the rate base and we could go ahead and start it up.

Lo and behold, a whistle blower pulls a blueprint out of a drawer that shows the reactor containment buildings--there were two of them--were contructed exactly opposite, as mirror images. In other words, they were on the Mylar blueprint upside down. Well, to any of us that understand drawings, that doesn't make any difference because they're mirror images of one another, so that doesn't make a difference. But the hue and cry that came up with that: My God, these people don't even know whether the drawings

are upside down or not. How can they possibly run something as complex and as potentially dangerous as a nuclear reactor?

Now, this error was all with the hindsight of Three Mile Island having done its job. The media never said that, but those containment buildings *worked*. They did just exactly what they were supposed to do. Chernobyl was the proof of that. We all know what happened over there without them. We know what happened at Three Mile Island with them. It worked. The system worked. But you never heard that during all of this.

So anyhow, that was just a great error, and nobody could understand how that could have happened, but there it was. Of course, the buildings were built. It was mind boggling. Embarrassing is not the word. It was far too serious to just call it embarrassing. It was much worse than that.

But out of that came additional requirements of the NRC on verification of every nut and bolt and pipe angle and pipe and rebar and cement quality and all of this, a verification that had to go back to day one and come through with records to verify each of these things. That took a year, a year and a half to go back and do that.

Swent: A huge expense.

Conger: A requirement in this state and probably in most states, but a requirement in this state is that you cannot put any of your capital expenditures into rate base, the cost of capital or the expenditures themselves, into rate base until it's completed and PUC says, "Yes, we'll now put it in the rate base at this value."

The project was approved by the board back in 1969. Now we're talking 1982. So this project was to have been completed for maybe $500 million, even less than that, perhaps, and be completed by the mid-seventies, up and running. But because of the delays, most of which were caused by court actions and injunctions against the company in proceeding and so forth, picketing at the site, just continual interruptions and activity that wouldn't allow the utility to keep constructing it brought us to 1982, and we were still not up and running.

So a project that was to have cost $500 million was growing not only because of the retroactivity that was put on the utility, partly because of their own mistake of this drawing fiasco, but a lot of the onerous things that were put on the utility to make it comply for going into rate base ran the cost up, but the biggest cost run-up was the cost of money. All of the interest on the money that had been spent during this period of time for the

facility wound up--I think the facility finally went in at $5.6 billion at the end of this, instead of $500 million.

So by the time it was finished and ready to go into the rate base, there was this huge capital cost that had to be amortized over the life of the facility, the thirty-year life of the facility. So all of those things were bubbling when I joined the board. I had a lot to learn, first of all about utility business and utility accounting and how things are accounted for and what profit is and what costs are, which is different than in freely competitive industry.

So that was a very interesting time for me, and it required a lot of listening and reading and learning to really understand that.

Swent: How did you go about educating yourself?

Conger: At the board meetings, plus all the materials that they sent us to read, plus special meetings that I attended at the utility that they put on to instruct us on certain issues and the kinds of things, such as accounting for a utility business, a franchise business. The utility was very good in providing information to myself, and there was a couple of others that came on the board about the same time, so there was about three of us that would sort of come in and get some tutorials on the business, on the company.

Swent: What did *you* bring to the board?

Conger: Well, initially very little, until I could really grasp what was going on. But what I was able to bring to the board mainly was from the engineering side, on the projects that the company was doing. The big one, of course, was Diablo Canyon, but a second big one that would have been huge for any other utility, was the Helms pumping station, which was a project that took two lakes up in the Sierras just east of Fresno, up in the foothills just south of Sacramento--these two lakes, one above the other.

The project envisioned taking water from the upper lake during peak power times, which is normally about three or four in the afternoon until seven in the evening--taking water down through a penstock and through turbines to generate power during those peak hours, for peaking; and then at nighttime, when there is very little electricity being used, using the cheap Diablo power to pump the water back up to the upper lake and then the next day do the same thing again.

It was a very innovative project, using for turbines the same rotor that they use for the pump to pump it back at night, so when the water was being dropped down to the lower lake, they [the turbines] would act as generators and generate power, and then at nighttime they would become pumps by reversing the polarity and causing them to spin in a way that they pump water back up to the upper facility.

Swent: I remember there were jokes at the time about wearing out the water.

Conger: Wearing out the water, exactly, exactly. I remember those jokes, too. And they were funny until--lo and behold, they got the project completed and dropped the first water down the penstock from the upper lake to the lower lake, and it was through a tunnel--except at one spot the tunnel daylighted at the bottom of a little canyon, and so there was maybe a hundred to two hundred feet of heavy-duty pipe for transporting the water from the one tunnel into the other tunnel.

And lo and behold, when they dropped the water down the first time, they got a hydraulic knock in that line, and it just blew that pipe to smithereens. So that was a great disappointment.

Swent: And no one had anticipated that.

Conger: No. Obviously, no one had anticipated. All the calculations said that everything was okay. So that was following on the heels of Diablo Canyon and all of those things, so things were not going well.

Swent: Who did the constructing on that?

Conger: Well, you know, I don't remember. All I remember is that it was Westinghouse turbines that we used for the pump/generator sets. See, that was pretty well finished by the time I joined the board, so I don't know who the contractor was. Like all these major problems like that, it's hard to fix responsibility. The pipe fabricator blamed the design engineer and so on. Everybody points to somebody else. We did all kinds of the testing, the utility did, to find out first of all what failed and try to figure out why it failed. So it wound up that the utility shareholders and insurance companies, not the ratepayers, paid for that.

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Swent: So this was just happening?

Conger: That must have been '83 or so, it was just following on.

Swent: What an initiation!

Conger: Yes, following on that. My experience gave me some insights to several of these things: the Diablo Canyon problems and the Helms pumping plant problems.

Swent: In what way?

Conger: These are all engineering things. We're not talking financing; we're not talking marketing or any of those kind [of things]. These are all engineering activities.

Swent: Dealing with contractors.

Conger: Yes, that. And so of all the people on the board, I probably had as much experience with that as anybody there, so I was able to understand a good explanation or raise a point about something that doesn't sound very reasonable. And so I think that was helpful to the other directors that didn't have that kind of a background. And I think it was helpful to the utility as well, because the one thing management wanted was a solution to these problems, not a coverup of the problem, but how do we solve them? I was also on the Audit Committee, which had oversight responsibility for these projects.

Swent: Was there no electrical engineer on the board at PG&E?

Conger: No, no. Well--

Swent: That seems astonishing.

Conger: The president was an electrical engineer, Bart Shackleford. Fred, the chairman, was a lawyer. There had been in prior times--I don't think he was electrical--Jack Bonner, but I don't think he was an electrical engineer, but he was an engineer. He was an operator. But he had gone off the board just shortly after I came on the board.

Swent: Doesn't that seem a little strange?

Conger: Well, yes, but, you know, I described what the utility was like in years past. Nobody really--the projects were very manageable; the company had a huge engineering department, and they had sort of a "not invented here" syndrome about them that, you know, "We don't need anybody. We don't need Bechtel or anybody else doing this stuff. We'll design and build it all." And they did. And all these fossil fuel plants--they built them. The dams up in the

foothills--they built all of those. So they were a small Bechtel themselves, in the old days.

Swent: They were a small what?

Conger: Bechtel, an engineering firm. In the old days, where they did everything themselves. Because of the size of the projects and the type of projects, they did a good job at it. They did excellent work. It wasn't until they started getting into some of these more exotic things that they had to get outside help.

Swent: Was the Geysers going then?

Conger: Yes, they had started that. They had started back in the early seventies but were not economic until the oil shock, which sent oil prices up and now made the geothermal steam competitive with other forms of electricity. Of course, everybody was at this time here in California--it was such a green community here in the early days--everybody was for the Geysers because you didn't have to burn anything and it was ideal. So it was during that period we commissioned plant after plant. They were usually 110 megawatts each, and we would take about seven steam wells to run one, and so, gosh, during those years we must have built one a year for five or six years and put them on line. So that was going on, too.

Again, those were pretty straightforward plants except you're turning turbines with steam, which is what the fossil fuel plants were, but in this case, the steam--you didn't have to burn anything; you just took it out of the ground and turned the turbines. So the only sort of complicating factor about that was that the steam was not clean. You had to run it through scrubbers and everything to clean it up, using vanadium, which is a byproduct of our uranium business. We always pointed out that, well, without a uranium business you wouldn't have vanadium to clean up the scrubbers on this pollution-free fuel we've got here. People didn't appreciate that comment, but it's true.

So geothermal was coming on at that time. Of course, wind power was coming on--again, high cost but, again, looked promising because everybody thought oil was going to go from forty dollars to sixty dollars a barrel, not back. And so wind power, particularly under Jerry Brown as governor, encouraged--in fact, they wrote these laws that said: Utilities, you've got to buy power from these renewable resources, no matter what the costs, to encourage them to come on. So utilities did that. And that further raised the cost for all of us that buy power.

But that was the mind set in those days: we're going to get off of this oil that's going to run out and be high price, and so we're going to get on renewable resources. And so a lot of wind power was put into the system at that time. It was high cost. And we're still trying to work those contracts off, to get out of that, because it has continued to be high cost.

The Story Behind Deregulation of Power Generation

Conger: So those are some of the highlights of those early days. And then, because of this disintermediation of money flows for power and natural gas--what I'm trying to describe is the fact that natural gas and oil were always so cheap that utilities and people that used these forms of fuel never thought that there would be a time when they would become very expensive. But with the advent of the oil shocks, we realized in this country that we were getting near half of our fossil fuel from offshore and that if that were controlled by a group, they could dictate the price. And lo and behold, that's exactly what they did.

So this drove prices up tremendously. Utilities and others that used fuel--the airlines and others--struggled to cope with this because it happened so quickly. As I mentioned, one of the things the utilities did was to try to develop natural gas fields, as PG&E did up in Canada, in Alberta, and the Rocky Mountains. The utility never got into the oil business, but they commissioned companies like Chevron to add to their refineries the capability of reducing sulfur content so that they could burn their oil in the turbines--to drive the turbines--here in California to meet the strict California emission laws.

And so contracts were struck with Chevron and others for them to add capital improvements to their refineries to do this, and the utility would pay off that capital project over a period of years on the barrels of oil they bought. So that all happened. These contracts were in place, and the oil and gas price both started to drop in the eighties. And so then people are saying, "Why in the hell did you contract for this expensive oil and gas?" And the PUC told the utility, "You've got to abrogate those contracts, void them."

Well, these are legal contracts. So the utility entered into long negotiations with the gas producers up in Alberta and in Utah and with Chevron and the other oil companies that had made these capital investments to treat this oil so they would have the low sulfur content so we could burn it here in California--had to

try to undo all of those. Well, they were undone at some cost. Much of those costs were again borne by the shareholders. So that was a difficult period of time. Some of those issues are still not yet resolved. There are still rulings waiting to be rendered on that.

And that, then--those activities, those occurrences, then led controlling authorities like the PUC and others--I'm talking about California PUC when I say PUC--to think: Look, there are people that have natural gas today that want to sell it to any plant, like Boeing or like in Silicon Valley--just go right to the customer and say, "Look, I've got natural gas that you can have for two dollars a thousand." And PG&E has been buying it for five dollars or four dollars a thousand. So they're saying to the PUC, "Let us sell it to them, or make PG&E use our gas and deliver the electricity at these lower prices."

That got everybody thinking: You know, if this were a competitive environment, if people could generate power and sell it wherever they wanted to, the prices are bound to be going down because everybody knows that competition makes prices go down. So that got that whole idea started, to take power generation away from a utility, from a franchise, and open it up to competition. That got it started.

Well, California, being what California is, was the leading edge of all of this and was the first to deregulate power generation. The PUC came down with the order that all of the California utilities were going to have to sell at least 50 percent of their fossil fuel generating capacity within--I forget how many years--within several years. And to further give the utilities incentive to do this as soon as possible, the PUC said that your authorized rate of return on these facilities will be reduced to 6.5 percent.

So that started the ball rolling on that. They further came out with directives that would force a PG&E and Southern Cal Edison to transmit power from others, from their own generating station, through PG&E's lines to a customer. PG&E had to allow that, but of course, they would have to pay PG&E for doing that. If there was capacity, they had to take it, and in some cases that capacity could supersede other capacity.

Those things made it possible to really start talking seriously about deregulating the power generation that had been part of the utility business. The thought was: Let's break this integrated chain of power production from generation by a utility through its own high-voltage transmission lines to regions and then further distribute it through lower-voltage wires to the

customer. Let's break that chain up, and so we'll take the bottom of the chain out; we'll take the generation out, and for the time being we'll leave high-voltage transmission and distribution as a utility, as a regulated activity. And that's where we are right now in this.

Swent: You mentioned Southern Cal Edison. Were you allowed to go to talk with the boards of these other utility companies--San Diego Gas & Electric and--

Conger: We don't compete with them.

Swent: Did you discuss these kinds of things with them?

Conger: I'm sure our management did back and forth, but not at boards.

Swent: Not at boards.

Conger: And since we weren't competing with one another--

Swent: I was just wondering if you had discussions.

Conger: As a private company we couldn't have done that, no, because that's anti-competitive or would seem to be anti--yes. So no, couldn't--

Swent: But you were facing a common problem.

Conger: Yes, yes. Of course, you know, utilities, particularly in this state--it's an open book. Management publishes everything. It's a matter of record. Very few things are not published by the utility, either in its 10-Ks or 10-Qs, press releases--gee, just a ton of information about what the utility is doing, why it's doing it, what it costs. Very little is not in the public domain.

So we can read what the other utilities were doing. We didn't have to actually go talk to them--because they had to do the same thing we had to do, so it was quite an open book, so that we didn't need to know much more than what we could read what they were doing.

So anyhow, that's been a very interesting time. In April I will be entering my last year as a director because I become seventy just after the annual meeting in April. I'll be elected again, presumably, as a director for a year. Each year you're elected for a year.

Swent: What committees have you been on?

Conger: I've been on the compensation committee and the audit committee. For the last six or seven years, I've been chairman of the audit committee. So I've served on those two committees, and since I chair Board Committee, I serve on the Executive Committee.

So, I have one more year, from April, to serve as a director. Then I step down. We have an age seventy retirement. When I joined the board, it was retirement at age seventy-two, but subsequently we amended that to seventy. That's a good rule, to have everybody time out on some schedule or another, and so I think that's good.

Swent: What was the rationale for lowering it, I wonder.

Conger: At seventy-two you're getting on. And I agree with that. I have no quarrel with that at all. You need to turn over a board at some frequency, just to have new people coming in, so you need a good age mix.

Swent: You've been on there a long time.

Conger: I've been on a long time, yes, since '82.

Swent: What changes have you seen in board composition?

Conger: Quite a bit, quite a bit. We had no women on the board when I joined the board, and we have two women on the board now, although Becky Morgan is stepping down--has stepped down at the first of the year--for personal reasons. She just wanted more time, personal time. But we have had two women on the board for the last six or seven years, at any rate.

We have other minorities on the board. I say "other minorities." Well, I guess--women aren't a minority.

Swent: Well, they're called a minority!

Conger: There are more of you than there is of us, but anyhow--

Swent: Under-represented.

Conger: Under-represented groups, yes, all of whom add to the good decisions that the board makes. Every one of them, everybody on the board really has added to the general quality of our decisions.

Swent: How did this affect your Homestake position?

Conger: Well, the nice thing about PG&E was it's here in town, and so other than trying to arrange my schedule such that I was in town on those meeting days, it had very little effect. The board meetings lasted about four or five hours, but, you know, in a ten- or twelve-hour day, that isn't too much out of the day. So it really had--

Swent: You have to do a lot of homework.

Conger: I have to do homework, but you know, you've got to read something when you go to bed and stuff like that, so it was quite easy to assimilate that into my other responsibilities, so that worked out good. It worked out good.

That pretty much is the PG&E story, I think.

CalMat: The Cement and Aggregates Business; Waste Disposal and Real Estate

Swent: Okay. That was the first big board that you went on. And the next one that you mentioned, I believe, was CalMat.

Conger: Yes, California Portland Cement, originally, and then merged with Con[solidated] Rock to become CalMat. That board--their business, of course, was the mining business--sand and gravel and manufacturing cement, mining the limestone and processing it--so that all fit into things that I knew about, so I was able to sort of fit right into that board because of the kind of business they're in.

Swent: Who invited you?

Conger: Their chairman did, Mike Morphy.

Swent: Was he a friend?

Conger: No, no. I had met him through another person, but not a friend. Really, even for the years we were on the board together, he never became a friend. He was just chairman of the board and CEO, and he was down in southern California and I was up here. So no, we never did anything socially together.

What I felt could be helpful to Homestake if I was on that board was the California connection because they had facilities, have facilities both in northern and southern California, and I really didn't have any contacts with people business-wise in the

mining industry, either limestone or sand and gravel, which is the largest single mineral industry in the state. So that was a rationale for me joining to that board.

They met quarterly. Sorry, they met bimonthly, but it was down in Los Angeles, so it was down early in the morning and back that evening, so it was a day's trip for their meetings. Then, about halfway through the time that I was on the board, the company merged Con Rock, or acquired Con Rock, and became an aggregates company as well as a cement company. Originally, it was a cement company.

And then the Japanese subsequently bought the cement facilities, so that CalMat then reverted back to the old Con Rock, which was an aggregates company, and continued up until it was acquired late in '97, closed in '98--it was acquired in '98 by Vulcan Materials, a Southeast Coast company, and so that board was disbanded.

Swent: Were you on the board at that time?

Conger: Yes, I was on the board at that time.

Swent: But then no longer?

Conger: No, no, no. None of we CalMat independent directors went onto their board. Our chairman went on their board and was an employee, as a vice chairman. But the rest of us didn't go on. None of the rest of us went on the board.

Swent: What were some of the major issues?

Conger: One of the big ones was the merger of the aggregates company, Con Rock. An issue there was whether that would be anti-competitive, so it took some effort to work with the SEC and the Justice Department to make sure that we were able to complete the acquisitions on Con Rock by California Portland Cement. As a result, the chairman of the aggregates company who was merged into the cement company stayed on as chairman and CEO of the new company, CalMat. And the president and COO of the cement company then became president and COO of the new company, CalMat.

The chairman of the cement company retired. He just stepped out of the picture. So we now had a new company that was cement and aggregates, but it was being run by the aggregates chairman. He, after a year or two of seeing what was happening in the cement market, number one, which was not good at that time--a lot of imported cement coming into the Los Angeles basin at a much lower price than we could manufacture it for--he got to thinking that

this cement business is capital intensive and subject to a lot of foreign competition because you can have a cement plant anywhere in the world if it's on seaboard, put it on a boat, and then you can take it to Long Beach cheaper than we can rail our cement from the Mojave Desert to Long Beach.

Swent: How can that be?

Conger: Well, it's just the way things were. There were a lot of things that worked that way: steel and a lot of other things. It's not just cement. But cement was sure one of them. So after a couple of years of seeing this happen--and we were making a lot of money on the aggregates and the property that are created by aggregates --owning aggregates plants--not plants, but properties, pits, open pits--in metropolitan areas had some wonderful advantages if you were there early. And Con Rock was there since back in the late 1800s, picking up these properties in the Los Angeles basins and around San Diego. And then the city grew around these quarries.

Well, first of all, you're the cheapest guy in town to get sand and gravel to these streets and driveways and everything that was being built all around you because you're there, and so you enjoy that benefit. Nobody can come in and undersell you. And then lo and behold, when you finally have mined out to your boundaries, you've got this hole. Well, how convenient to put waste created by new development. So you just fill the hole back up again. And then you top it off, and you've got choice real estate to sell.

So you get three bites of the apple if you're an old company like Con Rock was. So a big part of the business was real estate: dumping waste and real estate. Got into the waste dumping business for a while, and then the lawyers showed up for all of these various groups, and you could see that that was a business fraught with legal problems because of contamination and toxics and all that, and so, after developing one waste dump, the company developed one, it was decided to get out of the down stream end of the business--to sell other quarries as they mined out, and let the professional waste people take it over because they're set up for that. Very few of them made money, but they're set up for it anyhow.

Then, again during one of the periods where there was a lot of takeover activity, a New Zealand investor came over and tried to acquire the company. As part of that offer, which really we viewed as not being an offer that could be carried out, but as part of that whole thing--because it made the stock price go up quite a bit--the company negotiated with one of the Japanese cement companies to acquire, actually to buy an option to acquire,

the cement business, leaving CalMat then with the aggregates business.

The negotiation with the Japanese was successful and pre-empted Ron Brierly, the New Zealand investor. Subsequently they exercised their option and bought the three cement plants that the company had--two in California and one in Arizona.

Swent: Why did you prefer the Japanese to the New Zealander?

Conger: What it left the company and shareholders with was the aggregates business, and the Japanese were not interested in the aggregates business. And the New Zealander really wasn't, either. In fact, he really didn't have the financing to carry it off, we felt.

So that was the evolution of that business. We sold off the cement capacity and continued in the aggregates business, and that's what Vulcan bought at the end of '98. So that was the end of CalMat.

Swent: I was just thinking that recently there's been something in the paper about Eagle Mountain being used as a landfill, too!

Conger: That goes on and off. I've talked to people about this because that could be a natural. You could visualize--and I talked to our CalMat people about this, too--you could visualize creating five or six terminals in the Los Angeles basin and its environs which would be collection point for garbage. Then unit trains could be loaded with compressed garbage--you can't just take garbage; you've got to compress it, but there are machines that could do this and make it very dense, just like rock, in big blocks; put it in gondolas, take it out to Eagle Mountain--just like we used to bring iron ore in to Fontana. Take it out to Eagle Mountain, take those dense, heavy blocks out--

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Conger: Put the blocks into the pit and as each layer was laid down, then it would cover it with rock. We had tremendous rock dumps at Eagle Mountain. And then these cars, instead of going back empty for another load, could take aggregate back into these same waste collection terminals. So on one side of the terminal you would have garbage stacked up in these compressed blocks, and on the other side you had piles of rock, sand and gravel, so that you would never have a deadhead.

Now, that could work out beautifully. There are many problems with getting permitted to dump the garbage out there. So

far that hasn't happened, but that certainly is a possibility. Someday it may--

Swent: I can envision the next step would be when metal becomes so scarce that they go back and mine that garbage for the metal!

Conger: That could be. That could be because we've seen it happen in our own business, where a tailings ponds become valuable again.

Swent: And that garbage might.

Conger: It probably will. So anyhow, that pretty much was the CalMat story.

Swent: You're not still on that board.

Conger: No, no, because that board was disbanded.

ASA: Maintaining Good Contacts with South African Mining

Conger: And then I think the third company on whose board I serve is ASA Limited, which stands for American-South African Limited. This is a company that was founded back in 1958 by a--what would now be called--a venture capitalist named Charles Engelhard. He was a doer and a thinker and New Yorker, very active, innovative guy.

Swent: There's an Engelhard price?

Conger: Engelhard, the company, prices metals, silver and gold, yes.

Swent: And the price is quoted.

Conger: It's still quoted. They got into a lot of other minerals businesses as well, Engelhard did. But anyhow, Charlie went to South Africa early on in his career and just fell in love with the country. This is just ten years after the war or so. So he saw the opportunity to allow people in the U.S. to invest in South Africa, those people that would be interested in gold, have gold investments, by establishing a South African company and registering that company on the New York Stock Exchange so that people in this country could buy ASA stock and own a portfolio of South African gold mining companies.

So he got the South African government to issue him a franchise to do this; it took special legislation for this company to do this. Some of the things that had to happen to make it

viable was that the company, ASA, could repatriate its dividends to its U.S. shareholders, and those dividends couldn't be withheld, nor did ASA shareholders have to pay taxes in South Africa.

So he was able to get that legislation passed and then subsequently was able to list the company on the New York Stock Exchange.

He raised $28 million back in 1958 to fund it. So by 1980, at the zenith of the gold market--gold got to $850 [an ounce] early in 1980--that $28 million [sic] investment had grown to $1 billion and paid dividends all through this period of time, at the same ratio that the South African gold stocks were paying dividends, which were the highest gold-paying dividends in the world, even today.

So it was a tremendously successful company, a vehicle for people in this country to invest in a portfolio of South African gold stocks. Now, with the gold price where it is, the company's market value has dropped from a billion dollars in 1980, and I think it's around $250 to $300 million now, something like that, because of the gold price but also the effect of apartheid and the uncertainty of how South African investments are going to fare through this readjustment; the stock price has dropped to that extent.

But this is a company that meets quarterly.

Swent: When were you invited on the board?

Conger: I think I went on the board in '86.

Swent: How did that come about?

Conger: There were a couple of fellows on the board, one of whom knew Dick Stoehr, and Dick introduced me to both of them. They were both investment bankers with Dillon Read. At that time, they were both on the board of ASA. John Haskell and Robert Pilkington. In any case, they asked me to join the board, those two people, after we had met.

Swent: Where did you meet them?

Conger: Probably in San Francisco, but I don't recall the first time we met. It most likely was in San Francisco.

The benefit I saw in being on that board was to know more about and keep in touch with the gold mining in South Africa,

which to this day is still the largest gold-producing area in the world. So felt that that large contribution to the world's production of gold would continue to be a very strong force in what happens in the gold market, and so I thought that that would be a good opportunity for me to learn more about that, to help with my thinking about what Homestake should be doing and how we go about our business.

I never anticipated that that would lead to Homestake investing in South Africa because, as I learned more and more about South Africa, I realized that the mining houses in South Africa have such a hold on that district, that mining district that has produced all these millions and millions of ounces of gold, that it would be difficult if not impossible to compete with them down there, and it would be big stakes to compete with them because those mines were so deep, and it takes many, many hundreds of millions of dollars to develop a new mine because of the depth.

Plus the social problems that were a risk.

Swent: Was there pressure for Homestake to go in there?

Conger: No, no, no, no. Homestake, for the longest time, has enjoyed a good relationship with the South African mining companies because we had a lot of similar opportunities and problems with our deep mines: ours in Lead, South Dakota, and theirs in South Africa. Ours in Lead was older than any of theirs. Those mines weren't really developed until the mid 1890s, and of course the Homestake Mine is 1875, so we were sort of a leg up on them, and we got deep almost as fast as they did.

So there's a lot of technology transfer and sharing of information back and forth between the South African Chamber of Mines, which was the organization that those gold mines formed to do a lot of their research and development and also do their labor contracts and so forth to bring in outside labor into the country to work in the gold mines. We exchanged a lot of information with these people on refrigeration of air; that was one of the things we worked on together. Ventilation of deep mines. Ground pressure; happily, ours was nowhere near what theirs is, so we didn't and don't experience the same kind of seismic events that they have in South Africa. But just a lot of information transfer.

Swent: Autoclaving technology.

Conger: And autoclaving, that's right. Did that for our uranium initially, and then McLaughlin, yes. So there was a lot of Homestake-to-South African interchange and high respect for one

another. But never really talked about investing over there. I remember I hadn't been with the company very long and Don McLaughlin introduced me to the then-president of the Chamber of Mines, which was a paid position. I think his name was Angus Collie.

We all went to lunch together. I could see the warm relationship between Don and Angus. It comes from mutual respect but also from familiarity. Those two knew each other very well. And so that early on sort of gave me the sense that these are people that you really do want to know because they do the kinds of things we do, and they have done it very well. So that was an early tip to me that I want to build my own relationships with people in South Africa, for the same reasons. And it has turned out to be very, very helpful and valuable to me and I think to the company, to continue that. In fact, these early experiences and contacts were instrumental in my deciding to help form the World Gold Council some years later.

So that directorship will go on for some period of time.

Swent: That led to some interesting travel, too.

Conger: Yes. Oh, that's a good point. Because we are a South African company and do no business in the U.S., except hold our annual meeting in the U.S., because that's required by the SEC, we don't meet in the U.S. to do business. We meet in Toronto, we meet in Bermuda, we meet in Johannesburg, we meet in London, but we don't hold Board meetings in the U.S.

I remember one of the early board meetings. We have three South African directors. We have (it must have been) five U.S. directors and one U.K. director. With the exception of me, all of the others are distinguished people--you know, well known in their country and highly regarded. It might have been even my first board meeting, my first annual meeting. It was in New York in February, so we all were in town. We had dinner the night before, which was an opportunity to get to know these people a little bit. Very distinguished guys. I was really impressed. I was sort of wondering how come I'm here, but it was just fun to see them and be with them.

So next morning we had the annual meeting in the same hotel where we were all staying. As soon as the meeting was over, we were to go to La Guardia and fly up to Toronto to have a board meeting because we couldn't do business in the U.S. Well, it was snowing blue blazes all night long. So the next morning, the snow was about that deep [demonstrating]. Nothing was flying. So the

chairman got the lawyers on the phone and said, "We can't get out of town to have our board meeting. What can we do?"

The lawyers said, "Well, that's a toughie." So then they went into consultation, and they called us back. We're all standing in the lobby. We had cars out in front to take us to the airport. The lawyers called back and said, "We've checked, and we're certain that if you have your board meeting in the South African embassy on 42nd and Third"--or wherever it was--"that will be okay."

So we pile into these cars, and we go over--and it was only about eight or nine blocks, but it took us an hour to get there; the snow was that deep. It was just awful. So we pull up in front of this--on 42nd--you probably know--over on Third, sort of narrow little streets running east and west. So we get over there, and we're just halfway down the block and traffic is all backed up and cars are turned sideways and everything. This building--the whole front of it is sheeted up with plywood and scaffolding.

Somebody said, "Is that the building we're going to?" And somebody else said, "Yeah, I think so. They're rebuilding the embassy." So we all piled out of these cars and walked down the block in the snow, into this building that's now all gutted. There's nothing inside because they're redoing it. So we go around these workmen and everything and go up these wooden stairs that are just sort of home-made for the workmen, and for our benefit they put plywood up over in this corner with one window in it, for a room. And they had a plywood sheet for the table. And we sat on boxes and stuff around this table.

Swent: [laughs]

Conger: And you could just barely get in there and get around it. And I'm sitting there and looking around at these guys. I'm thinking: I can't believe this. I can't believe it. Here are all these guys sitting around this table. You know, they come from very good circumstances, all of them, either at home or at work, and here we're sitting around this table.

And so the chairman said, "Okay, now, we've got to listen to this. I've had the lawyers come over here and explain to us what we can do and what we can't do here." So here are four--had to be high-priced lawyers. They couldn't get in the room. They're standing out in the hall, and each one, when they said something, would stick his head in there and he'd read off his paper to us, and then he'd step back and the other guy would step in and he'd

read off of his paper. I thought: My God, what have I gotten myself into here? This is the oddest thing I've ever seen.

But anyhow, that was sort of my introduction into this business that we couldn't do business in the U.S. because we didn't want to create a taxable event. And so, as you pointed out, it has been great in that we meet in some of the neatest places you can imagine. So that has turned out to be fun.

Swent: How often do they meet?

Conger: They meet quarterly. Our fund, this closed-end fund, has the lowest overhead cost of any of the mutual funds, closed-end or open-end, year after year after year. So we're all proud of that. There's very little overhead for this. They don't pay us much, but the fun is to be with those people and to get to go to South Africa every year. That more than makes up for what we're paid to do that. So that has been fun.

Our chairman, Wes Stanger, a wonderful--Wesley Stanger. Used to be an investment banker with McKay Shields, an old-line investment house in New York for years and years, one of the top group in the city. But Wes was--is just one of the most wonderful people I've ever met in my life. So that's been a great joy to be associated with he and his wife, Natalie. Wes stepped down as chairman at eighty-nine, and so now our chairman is Bob Irwin, who is only seventy-two, so we've moved our average age down quite a bit. Wes is no longer on the board. He's chairman emeritus of the company, but not on the board.

Swent: You have no age limit?

Conger: No age limit. And another director that just stepped down with Wes at the same time is Reg Jones, who is the former chairman of General Electric. He just chose to stand down from the board. He's been a great contributor to the company and a wonderful person to get to know over these years.

So, as you said, no age limit on that, so I'm looking forward to continuing that for some period of time.

Swent: It's more big trips.

Conger: Yes, more big trips and an opportunity to follow something that has been of great interest to me for many years, and that is the South African situation, both the mining and social situation.

Baker Hughes: Manufacturing and Marketing

Conger: Let's see. I guess the other board is probably Baker Hughes, which is an oil services company that at the time I joined the board was headquartered in Irvine, California. It was the Baker Tool Company at that time. That was in '87. By the time I joined the board, though they had just acquired Hughes Tool Company, and that formed the company now called Baker Hughes.

I did not know anybody--well, that isn't true. I knew two people that were on the board at Baker Hughes, but I didn't know anybody in management. They have probably some of the best corporate governance rules of any of the companies I've been associated with. One of them was how they pick their directors. Every year they send out a questionnaire to the board, asking them to fill out what strengths we thought each of us had: ourselves and the others. We said what we thought what the others had.

And then based on that, when it was time to replace a director, the chairman would look at the responses to those questionnaires and from that would determine what the board really needed: we're weak in this area, we're weak in that area, we could use some new thoughts in this area, kind of thing. So based on that then they would write a description of what they wanted their new director to look like, and they would give it to a headhunter and just wait for them to bring people back that supposedly looked like that.

That's how my name came up in the thing. They needed, wanted somebody who was in the mining business because the Baker company had the old EIMCO company that we all know and loved. Salt Lake City. Berne Schepman. All of that. So they had that line of business, and it was a very profitable line of business for them. So they felt they wanted somebody in the mining industry, in the hardrock mining industry, on the board because they had a coal miner CEO on the board, Bob Quenon, who was running Peabody. That's one of the people that I knew on the board.

So anyhow, that's how I was selected. I was contacted by them, and I thought, well, I really shouldn't take the time to do this. So I told them that I just didn't think I had time to do that. But then the chairman got Bob Quenon and--I'm trying to think of the other guy that used to run a small company called Earth Resources. He was on their board. He was an oil and gas guy, but they had a mine up in Idaho, so I knew this guy through that mine. We talked to them several times. And his name is escaping me right now.

But anyhow, the chairman and Bob Quenon and this other fellow all hopped on an airplane and came out to San Francisco and put the full-court press on me to reconsider and join the board. I liked what I heard, the kinds of things they were doing, the company; and so I talked to my board, and they agreed that was the right thing to do. So that's how I got on that board.

One of the other corporate governance rules of theirs is that you only serve ten years or at age seventy, whichever comes first. So I joined in '87, so in '97 I had served my ten years, so I went off that board two years ago. But enjoyed that very much. That was really my first experience with people who were in the manufacturing business, actually made things and had to go out and market them. Because they made things that our company bought, I found that very useful to know, and also I was able to tell the manufacturers and marketers what the industry people looked for, so that was a pretty good exchange of ideas both ways, to have a better understanding of how the company is trying to anticipate what users are going to want and need and how they then are able to take in information that helps them produce stuff that will be more readily purchased.

So that was an interesting ten years. I think I took to them and brought from them information that made that worthwhile. So that was good. That was a good association.

Apex Silver: An International Board, a New Company

Conger: And then the last board that we talked about, of public companies, was this small startup company called Apex Silver that I became associated with the principal in '97, I guess it was, before they were a company. I had been contacted by a consulting group that had done work for him. The consulting group had suggested to the fellow that started this company up that perhaps I could help them in organizing the company and the plans that they envisioned.

I met this young guy that started the company, and that--

Swent: Who was that?

Conger: His name is Tom Kaplan. I joined him and his small group then--because they didn't even have an operating guy--Tom is a financier and a commodities specialist, and so he didn't have any operating people at that point. He hired a guy named Keith Hulley, who had been the chief operating executive for Western Mining over in Australia and who was a first-rate administrator and operator.

Tom was very lucky to get him to come on board. Because of that, because he was able to hire somebody like Keith, I thought that I would like to keep my association with him up, and so when they took the company public, I agreed to go on the board.

It's a very interesting board that Tom Kaplan has assembled. There's only one, two, three of us that are U.S. citizens. There's an Argentinean on the board, there's a Cayman Island person on the board, there's a U.K. resident on the board, there's a Belgian resident on the board, and there is a Norwegian on the board. A very interesting cross-section of people.

One of the other two U.S. directors is a gentleman named Paul Soros, whose brother George is a financier who is known throughout the world.

Swent: I've heard of him. [chuckles]

Conger: Paul is a very interesting guy. He's a mechanical engineer himself. Has had several engineering companies of his own. Specialized in harbor construction for bulk loading terminals and so forth. Paul had worked on jobs that I was quite familiar with in South America and on the West Coast. So that's been a fun association.

Swent: Where do they meet?

Conger: Generally in New York, but we have met in Caracas, and we've met in London. I guess those--no, we met in Toronto as well, and New York, yes. So it's sort of around, depending on where we are.

The company has a very large low-grade silver-zinc deposit in Bolivia. I've been down to see the prospect during the early drilling stages, and that drilling has proven up a very large reserve that has allowed the company to complete a feasibility study that's bankable, which means that with that study they can now get funding to develop the project. It will probably cost nearly $400 million to develop the mine. But that's going ahead right now. So that's going to be a fun thing to work with the company in the development of this property.

We've just been in the process--Paul Soros and I are on the compensation committee, and we've been setting out the corporate rules up for the company, and we have not--since he's over seventy and I'm about to be seventy--we have not set any age limits at this point.

Swent: [laughs]

Conger: So it's--

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Swent: So you just said that it's not certain.

Conger: It's not certain whether Paul and I will finally shoulder up to the responsibility of legislating ourselves off the board. But I would think that it will be several years before we come to that point of setting that. I firmly believe in age limits for board members, so I think we will do the right thing, especially if the board INSISTS on grandfathering Paul and me!

[tape interruption]

Swent: I think you may be just about finished with the silver mine.

Conger: Yes.

Swent: But I wanted you to comment on your thoughts on two things: inside directors and directors as major stockholders or stockholders at all.

Conger: Okay.

Inside and Outside Directors Compared

Swent: They are topics that are being discussed a good deal now, and also if you have any thoughts on ratio of compensation to workers' wages.

Conger: Okay. Let's take those, and you see that I cover those three items.

Starting with the first one, on composition of boards as to inside and outside directors, I have always felt that the board ought to be made up predominantly of outside directors and have personally kept it as far as what I could control at Homestake--I had two executive vice presidents on the board, but once that--well, I never increased that number of inside directors after that.

Swent: Why?

Conger: Because I think it's appropriate that you have a predominant number of outside directors on the board so that management can't

unduly influence the board's judgment on things. Some companies have a majority of insiders on the board, so the situation is one in which all of the other insiders are going to have to be mute on a subject that has been decided by management collectively, presented by the chairman or the CEO. That's the way it is. You, the insider, had a chance at a management meeting to have all your say on the issue, and if you were against whatever it is but we've decided to take to the board anyhow, you don't get another bite at the apple. You just sit there because you had your chance to convince us that it wasn't the right thing to do; you couldn't convince us, we're doing it; now just sit there and let the outside directors decide what to do. People argue forever that no, that's not the way it is, but that *is* the way it is. That *is* the way it is. That's why you should have a majority of the people on the board as outside directors.

So during my time we had Bill [Humphrey] and Jim [Anderson] and myself and then Jim left shortly after Dave Fagin came. Dave went on the board. Jim left, was not on the board. And then Dave left, but Peter Steen came and was on the board. So just about all of my tenure, I had three inside directors on a twelve- to thirteen-man board. I felt that that was appropriate, obviously. But it allowed the outside directors to dictate what we would do.

Swent: They had the control.

Conger: They had the control, yes. We didn't. I didn't. So I think that's appropriate.

Executives as Shareholders

Conger: The second thing you mentioned is to what extent senior management should be shareholders, be owners. That's gotten a lot of attention in the last ten years. I always felt, before it became popular to set criteria for ownership--I always felt it was incumbent upon senior management to own as much of the company shares as they could. I justified that personally by saying, Well, how many of us have a chance to actually run something? In my case, the CEO. I get to run it, so why wouldn't I invest in it? I don't run anything else I could invest in, so why wouldn't that be a good investment?

Well, through the years I've had a lot of advice saying, You dumb bunny, you shouldn't have everything in one company, whether you own it or not. But I felt that it was my job to own as much Homestake stock as I could, and so I bought as much as I could.

Unhappily for me, I've seen it decrease in value dramatically, just as I was retiring--but that's just part of the deal. I didn't feel I could sell when I could have sold at a higher price. When I first stepped down as CEO I could have sold for three times what I could sell now. I didn't do it because I was still chairman. So now it has dropped down to a third of what it was.

But anyhow, that's part of the game. And certainly the person that runs the company ought to have a large stake in the company, so I personally took virtually all of my discretionary funds and put it in Homestake stock, for years. There was a time when it was worth a lot of money, and now it's worth a third of that.

But, you know, that's--

Swent: Do you think--it's partly personal, but would a director's decision be influenced by the fact that they were also a big stockholder?

Conger: No, I don't think so, no.

Swent: I would think they might be positively influenced. They would want the company to succeed.

Conger: Oh, yes. You want that anyhow.

Swent: For your own--

Conger: For your own sake. You want that anyhow. I don't know of a person that we have on our board that would have said, "I don't care. I'll take a chance on this because I won't lose anything." All the directors we've had--I can't think of a one that would have to himself thought: No, I won't lose anything, so let's try it. You know, that kind of thing. So while it sounds right, I don't think that is as much a motivator as people would say it is.

And, you know, they've been trying--the SEC, CalPers and all these various groups--have been trying to find ways to make the director think exactly like a shareholder, and all of the things they've come up with--not all of them; a lot of them--keep backfiring, such as: a third of management's compensation ought to be paid in cash and two-thirds ought to be at risk (in stock). In other words, if the company does well, they do well; if the company doesn't do well, they don't get anything. That's fair.

Well, so, you know, they've been driving towards that. Companies have been giving restricted stock and huge stock options and all this kind of stuff, and the Michael Eisners in the world--

all of a sudden they're making $200 and $300 million a year on their stock options. Wait a minute! We didn't expect that! But markets go up and down, and if you hit it just right--so there is no answer to any of this stuff. You can't legislate morals and ethics. You can't do it! The way you legislate is, you try to pick people that you think have morals and ethics. Hopefully, if you're lucky enough, you have them and you surround yourself with people that have them. That's the only insurance there is. I was very fortunate to have such directors.

Swent: That's ultimately what it comes down to, isn't it?

Conger: Yes. You can't legislate this stuff. Every time you try to, a set of circumstances arises that it works out differently than they anticipated, and all of a sudden somebody is making a huge amount of money. Well, it's just what they planned, that the shareholders were going to--well, they did. They didn't think this guy was going to make this much money. But the way they set it up, he did. Now, he could have made nothing, too, but in any given period of time, things work right and you make a lot.

I put all of my money into Homestake shares because I felt it was the right thing to do, and I believed in the company, and I wanted other people to know that I did, not just our directors but our shareholders. I liked looking at that proxy statement every year and seeing my share holding there. I was proud of that. I was pleased with it. And I'm still proud of it. So this is my personal feeling. People who would like to manage money for me say I'm stupid. And as it turns out, I have a lot less money for having done that.

Swent: Are you an investor in these other companies that you're a director of?

Conger: Yes, yes. I've taken all of my dividends from PG&E and bought stock with it, since I joined the company.

Swent: Not the compensation?

Conger: No, dividends. Not my compensation, no. I took my compensation. But my dividends--and being a utility, it's a high-yielding stock, so that has amounted to a sizeable sum of money. You know, the stock that I bought initially plus my dividends--I have almost 10,000 shares. I have over 10,000 shares, as a matter of fact, of the stock. So yes, that's worth $250,000, $300,000 on today's market. A sizeable sum.

And the same with the other companies. I have over $100,000 in each of the other companies as well.

Swent: So you've put your money where your mouth is.

Conger: Yes, yes, again, for the same reason that if you're going to invest time in this, you need to show that you think it's worth investing in, or why would other people invest in it?

Okay, then you asked the real ringer.

The Wage Gap

Swent: The third question, right.

Conger: About the wage gap. The wage gap is expressed in a lot of different ways, depending on who you're talking about. Just in the paper yesterday I read that in this tremendous economy the rich are still getting richer and the poor are just barely getting richer. I guess it's always going to be that way. I don't see how the social engineering that we've done so far is going to change that, so that's going to continue. There's always going to be some people getting a lot more than other people. Depending on where you are on that scale says what you think is "a lot more," and the further down the scale you are, the lower down "a lot more" is, and the higher up you get, "a lot more" is a lot more. So that's never going to change. Most people don't think they get enough, but somebody else gets too much. Never will solve that problem.

In a company, where you've got guys in a mine actually producing what it is you make your money on--

Swent: And risking their lives.

Conger: And risking their lives, versus somebody sitting--me sitting in San Francisco, making I don't know what the ratio is, but it was tremendous, whatever it was. There's no way to socially justify that. If you're going to try to do it on equality, you've got to define "equality," and no two people will define that the same way because that person in the mine risking his life doesn't have the same set of risks that I do or Jack does in running the company.

And so to compensate for that, only the marketplace can do that, or should do it. If the government tries to do it, we know that that won't work. So I guess where I come down on that is that because of the marketplace driving what happens at the top end--and lately even more than on the bottom end because labor unions and other forces that drive the hourly wage up have been

muted by several factors. That would account for one of the reasons that the gap has gotten bigger.

I think the other reason is that there is some ability of management to get advice on what competitive wages are and then use that internally. It's available. You can read what other people are getting in comparable jobs. Therefore, you can justify: Gee, if they're getting that and I'm doing the same thing they are, I should get that, too. So, you know, there's always that opportunity to use that information to better yourself.

I tried to see that all of we senior people of the company were never getting more than our peers were, that we were--

Swent: In other comparable companies?

Conger: In mining companies, yes, doing the same kind of work we were doing. I never wanted us to be seen as being out front on salaries and bonuses and stock options and all of that. And we weren't. [chuckles] As a matter of fact, when Jack came in--and this was the right thing to do--he had consultants come in and look at the pay structure and everything, and they came back and said, "You guys aren't competitive. These other companies are doing a lot more for their senior executives than you guys are." And so Jack did a new program and took it to the board.

That sort of made me feel good because I didn't want to be out front. I didn't think that was right. But I still was making a lot more money than the guy in Lead risking his life. So how do you justify that or defend it? Or should you justify it or defend it? The guy that runs the company ought to get paid one thing sort of irrespective of what the guy down in the mine gets because they aren't directly connected just because they work for the same company--in my view. But as a specific aside, our miners at Lead have the opportunity, and do, make very high wages in comparison to other miners, and live in a part of the country with lower living costs.

Swent: Well, it's a hot topic right now.

Conger: Yes.

Swent: And more so in other industries than mining, I think.

Conger: Only because mining is down now.

Swent: Yes, but you don't see those enormously high--

Conger: Well, in mining I don't think you ever did. Most of us work for wages one way or another. We're not owners, so we work for wages. So at any rate, that's the hot topic, has been for four or five years. It will fade, and something else will become a hot topic. We'll try to correct that, and something else will fall out of that that's totally unintended.

Swent: Unintended consequences.

Conger: Yes. How did this happen?

Caltech: Chairing a Division Board Oversight Committee

Swent: Well, let's talk, then, about your trusteeship at Caltech.

Conger: Yes. Been at Caltech for about fifteen years now as a trustee. The interesting thing about Caltech--first of all, just the opportunity to be on the board is a unique one because it is such a unique institution: three thousand students, two-thirds of whom are graduate students; twenty-eight Nobel laureates, either active or have been members of the faculty. The current president is a Nobel laureate. Just this year, this past year, the single Nobel prize awarded in chemistry--and I say "single" because normally they split that up between two or three deserving recipients every year because there's so much going on in chemistry--last year there was one, and he was a fellow from Caltech, a professor at Caltech. Everybody at the institute knew that he was in the running for this. Couldn't believe that he would be the only recipient, but he was. A neat, young Turkish guy.

Rosemary and I met he and his family at the retreat we had this fall. It was just two days before we had the retreat when that horrible earthquake in Turkey, in Istanbul or just out of Istanbul, where so many thousands were killed. And so we were afraid when we heard that he won that he had family that was in that terrible earthquake. Happily, he did not.

No, no, no, no. No, no, there was a plane that went down. The Egyptian--this guy was not a Turk. He was an Egyptian. And remember the plane that originated in Los Angeles and went to New York and was delayed and then took off and went down off of Long Island? That was it. We were afraid that God, maybe he's got family on there--because he had just won the Nobel prize, and maybe they came over to see him and were going home. Happily, he didn't. So he didn't have any--it wasn't--it was the Egyptian plane that went down. And happily, none of his family was on it.

Anyhow, so it's a unique school, by so many standards. And the board is unique. Very, very well-recognized people in all different industries.

Swent: Are they all Californians?

Conger: No, no, they're from all over the country, all over the country. The board meets twice a year. The executive committee meets every month. So depending on whether you're on the executive committee or not, you're meeting at least twice a year. Yes, twice a year, one of which is at commencement every May.

Swent: Which committees have you been on?

Conger: I'm on and have been on the personnel policies committee, which is the committee that is like a compensation committee for public companies, and I chair that committee. Then I'm on the investment committee. This small school has an endowment of $1.3 billion, "b"--incredible, just incredible. So in any case, I'm on the investment committee, which invests $1.3 billion, yes. So that's interesting. And because I chair one of the board committees, I am on the executive committee.

Swent: How did you come to be invited?

Conger: Two people that were on the board suggested to me that I do that. One was Howard Vesper, who was a director of Homestake for a long time and the first person to ever take me up to the Grove at the Bohemian Club. He and Ruth invited Phyllis and me up for a picnic. Of course, I didn't even know what the Bohemian Club was. But we were fascinated to see what the Grove was. So Howard was one of the people. He was a graduate of Caltech, a vice president and director of Chevron. So he asked me one day if I would be interested in joining the board of trustees. I said, "Yes, that does sound great."

The other person was Ben Biaggini, who was chairman of Southern Pacific. Ben had been a trustee for years and years.

Swent: How had you known him?

Conger: Well, just around the city, up at the PU Club and other places, and Ben was very active in the Republican party, and I was a little bit active, and so we knew each other there, and then in business meetings and stuff around the city. So I had known Ben I guess for quite a long time by this time.

So he and Howard put me up for nomination to the board, and I was elected. It must have been--let's see. I just was elected

again this fall, and they're five-year terms, so that must have been '84, I guess, '85--somewhere along in there. I have served for about fifteen years.

So that has been a great association. I've served with three Caltech presidents now.

Swent: How does that differ from or compare with--

Conger: Just like with companies. Totally different setup. Caltech is a school that trains engineers and scientists, so there are sort of two sides of the house. They don't see each other in anything like each other. The scientists are the people that have conceptual things that they must then demonstrate through the various scientific techniques to establish a theorem and prove it. The engineer takes whatever technology there is and builds something with it, makes it work, produces something. So they look at themselves entirely differently.

I mention this because that's sort of the way presidents are looked at, too. One side of the house isn't as happy when an engineer is running the school as when a scientist is running the school, and vice-versa. I got in just at the end of Murphy Goldberger's tenure. He was just stepping down, when Tom Eberhart was appointed as president. Tom is an electrical engineer. So he was an engineer running the school for ten years. Well, that drew some grousing from some of the scientists that, God, how much longer has he got? We've got to get a scientist back in.

Well, now we, just two years ago, appointed David Baltimore as president. David won his Nobel prize for his work on genetics and his work on AIDS and how they've sort of tracked down to the basic elements what the heck this sinister virus is. So he's a pure scientist. So now we have a scientist running the school.

But it's all very interesting to watch this happen. Additionally--and this is probably as much an exposure I get in the school as any of it--I chair the board committee for the the Geology and Planetary Sciences division of the school, which includes seismology and all the geology and all of the other planetary sciences. So I've worked closely with the head of that division, who is a young guy named Ed Stoepler, Ph.D. in geology.

To get these people to give up their research and their teaching to take on an administrative job is tough. They don't make their mark in life by being an administrator. They make it by research, as you know, and papers and books published, and a Nobel prize along the way if you were lucky enough. Not by being an administrator, running a division or, God forbid, running the

whole institute. So it's tough to get good people in the division to take the job. They usually take it and say: "All right, all right." So they do it for five years or something and then quickly want to get back to their research.

So we're lucky to have this young guy, Ed, running the division now. He just has agreed to do it for another five years. He just finished his five years. But he and I worked closely together for this five years.

Swent: What does the oversight committee--what are your responsibilities?

Conger: Two things. First, the board committee I chair consists of nine trustees. I meet with the division chair at least every other month to see what issues he has that the board could be helpful on, and get a general briefing. The full committee meets with the division head at least twice a year.

Second, we form a visiting committee to visit the division once every two or three years. The division gives us a dog-and-pony show. There are three or four of we trustees. But then we invite--or the division invites--as part of our committee, very capable, exceptional people in that field from other schools: MIT, Harvard, Cornell. These other schools have top engineering and scientific schools. They'll pick one or two people from those schools to come be part of our committee, so then we trustees and these three or four outlanders that know what it is these guys are supposed to be doing, come in--it's sort of an "academic audit".

And so we spend two days or three days going around, having presentations from the various division professors, on their research, their students, what they're trying to do, how they're doing it. And then we fall back after this and write a report and give it to the president.

But in the meantime, between these visits, I have been--and the other division chairmen do the same thing, I'm sure--in monthly contact with the division head. Usually, they're telling us what their issues are right now, who they're recruiting--

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Conger: We were talking about the division chairmen and the division head working together. It has just been a real lot of fun for me to work with this younger guy, in his mid- to late forties. He himself is a geologist, but he is just really doing a wonderful job in running the division. Of course, each division wants not only to be a standout division at Caltech but also amongst their peers in academia, and they're always competing and comparing with

the programs at the other major institutes in the country and in the world, for that matter, and always trying to--as each division, particularly the geology and planetary sciences division, is trying to think ahead ten or fifteen or twenty years. What will be the science that is going to be relevant and most useful at that time--not today, but then?

That's the way you get to be tops in the country is having anticipated ahead of time where science is going and get people in place, studying those very basic issues early on so that everybody else in the world comes to you, then, and says, "Can you show us what you've done here?" That's the job of an institute that wants to be number one in everything.

Caltech, just in one of the most recent publications, was number one of the scientific schools in the country for last year. They have all kinds of criteria that they use to judge that, but by any standards year in and year out they're near the top and strive and work very hard to continue that.

One of the ways that's most obvious for that is whom you can attract to come and teach or who will come as an adjunct professor or who will come as a guest lecturer. The more of those top names you can get, that says *they* say you're that important or they wouldn't take the time to come do it or join you, whichever the case is.

It has been a lot of fun working with Ed. The only thing I can really help with is management kinds of things. For a person like him to manage, they must have at least twenty, maybe thirty, professors under him, doing various kinds of teaching and research in his division. And it's collegial, that's where "collegial" comes from, is these guys. So you don't tell these other people what to do. You cajole, you pout, you fuss--but you can't tell them. You can't tell them what to do.

And getting a consensus out of this group is tough. But to Ed's credit, he has done remarkably well in getting this diverse group of scientists and engineers to support what *he* has been trying to do to keep the division up as number one in the country. As far as Ed's concerned, it is number one in the country. I'm sure it's near the top, no matter whether it's number one or number two.

So it has been a lot of fun working with him. He'll call me up, and he'll say, "To let you know, I've made this offer to this guy, and he has told me this, and his wife doesn't know about that." So we talk back and forth about it, because we've got the same problems, too, getting people to come join us. You have to

sort of sell yourself and your program and then how is the wife going to make it, and how about school for the kids. You have to work through all those things.

That's probably where I've helped as much as anything, with those kinds of things to think about and work [voice trails off].

Swent: Problems that are common to any organization.

Conger: Yes. And being an older guy having gone through a lot of these things over and over again, I can offer the benefit of some of that experience.

Colorado School of Mines Resource Fund Exceeds Its Goal

Swent: You took on a big volunteer job for Colorado School of Mines.

Conger: Yes, yes. That was what we called the Resource Fund. The school, from the earliest days--it was one of the oldest schools in the state, in Colorado--had always been a state school.

Swent: Caltech is not.

Conger: Caltech is private, totally private. Started by a guy named Troop and not as an ultimate ultimate scientific and engineering school but a more practical school, but it quickly developed into more of what it has become now.

But Colorado was a state school and, like so many of the mining schools, it started right on the edge of a mining district. Most of our mining schools did just that. So as time went on, particularly after the sixties and into the seventies, these specialty schools like Colorado School of Mines, Montana School of Mines, South Dakota School of Mines--states were having trouble justifying keeping these mining schools, mineral schools, going when there were fewer and fewer people seeking minerals education.

And so the temptation in fact, and a lot of states have--just amalgamated their mining schools into their engineering school, and goodbye mining school. But Colorado has successfully resisted the state of Colorado doing that by seeking private funds to augment state funding. And so I can remember we had in--the first fund drive that the school had must have been about 1975 or '76, somewhere along there. I was recruited in to help with that as one of the fundraisers.

We did not do well at all. The outside firm that we hired to help us just was not good. Didn't really help us in anything. Here's a school that had never raised any money, had been a state-supported school, never raised any money, and the effort to raise money was to make up for what the state wasn't going to give the school to operate on. Being babes in the wood, that didn't work out well.

But what it did do is sort of show me some of the pitfalls in school fundraising. One of the key things is to get outside help on raising this money who have been very successful. They have done it for other schools, and they've been successful at it. So that first experience I had was not very rewarding, but the negative experience was helpful.

The second effort was under our new president, George Ansell, and after several years at the helm, he recognized that we were going to have to raise a lot of money to keep the school going as a mineral and engineering school, free-standing. So he negotiated with the Colorado legislature that if they would keep up the bricks and mortar, he would raise private money for programs to bring in professors, to upgrade the quality of instruction, offer more courses, and raise the level of the school's competence.

And so they bought that. They said, "We'll do that. We won't offset money you raise by what we give you. We'll keep the plant up, and you'll need to raise money for new buildings, and that guy can put his name on the building," which is common, "but to keep them going, to keep them in first-class shape, we'll continue to support that."

And so that agreement lives today here. With that in his back pocket, George Ansell, the president, got in a consulting firm, and those people came around and talked to each one of us, talked to some of us that were alumni and special friends--and said, "What do you think we can do?"

I said, "Well, I'll tell you one thing. If we don't get the right outside group to help us, we're not going to do very good"--because I was in on the last one and those people were awful, and I wouldn't have given any money in that, either. I did give some, but I shouldn't have because it was just awful. And so I was critical of it.

At any rate, they put all of that together, so then George Ansell came out to see me and said, "Well, you know, it looks like with the right activity and level of interest and with the right firm, I think we can raise $60 million."

Swent: Sixty.

Conger: Sixty, six-oh. And I think the other one, we only raised $12 or $15 million or something like that. So he laid out who they were going to hire and so forth, and he asked if I would chair the fund drive, the program. He said there was another fellow that is on the oil and gas side that he would ask to chair, too, so we could be co-chairs of this, and I would sort of work the mining side of the house and he would work the oil and gas side.

I didn't know the other guy's name--it was Schultz. I don't remember his first name, but Schultz was his name. He was with one of the oil companies. I think he was with Gulf Canada up in Alberta. But he was an alumni of the school--younger, at least ten years younger than me.

So I said, "Okay, okay, it sounds good, and I sure want to see the school keep going." So we structured the thing, and it turns out that George Schultz--not George Schultz!--Schultz, whatever his name was--he said that his company really didn't think he would have time to do that, so he was going to have to just step down.

So I wound up as chairman of the thing. We did have a first-rate outside firm to help us do that. I credit them and our president, George Ansell, for his tireless work in pursuing this. We worked on it for two and a half years.

Swent: What was the firm?

Conger: I have it in the file somewhere, but I've forgotten what it is, but I still get cards from those people, because we did work very well together. But they and George were great, and I sort of was in the middle, sort of conducting the meetings and a few other things. But they just did a first-rate job.

So our target was $60 million. We met, oh, at least every quarter. I would assemble the committee, and we would get a report on where we are. Like any of these campaigns, there's a template that pretty well fits any kind of fundraising campaign. You need to have in your pocket, before you ever announce the campaign, about 25 percent of the money or so committed. That's seed money. It's usually a major donation from some foundation or something. Then, with that, then you start going out for the next larger ones and then the next larger ones--you know, each one getting smaller, to achieve your goal.

So with a $60-million-dollar target, we needed one major donor of $5 million or $8 million, and then we needed fifteen of

$2 million, and so on, layering it down. We, the committee, worked on everybody from $50,000 up. You know, personally we worked on lists and contacted these people and went to Houston and went to other places, took them to dinner, and that kind of stuff.

So we would get progress reports against our template. I think our seed big gift was $12 million, and we didn't have it when we started. Usually you have those, but we didn't have it. We had two prospects that looked pretty good, so we kicked it off anyhow, without that. We never did get a $12-million-dollar gift. The most we got was $3.5 million or $4 million, I think--in one gift.

And then we got way more million-dollar gifts than the template said. Virtually all of us on the committee, at least two-thirds of us, each gave a million dollars to it, and so we could then go out--and that's why I think we got so many million-dollar gifts, because we could go out and say, "Well"--

Swent: "I did it."

Conger: "Why not?" If you don't do it yourself, it's tough to expect other people to do it, especially if they *think* you can do it.

Swent: That's right.

Conger: So we got way more of the million-dollar gifts than we thought originally and that really carried it. And then we got half-million-dollar gifts and quarter-million and so on.

As it turns out, instead of $60 million, we got $72 million. We overshot. So that was a great kickoff. The trouble with that is--it's just like discovering an oil well or a mine. Each year thereafter, you're using up some of your capital. You've got to replace it. So once you get a $72-million endowment--I mean, you don't want to touch the endowment, but now expectations are that you know, that only earns so much money and so you've got to make the endowment bigger so it will earn more so you can spend more.

That's the trouble with success. It makes it tougher the next time around to do better. You know, where do you go? Who do you hit up the next time around? So at any rate, that was not our worry at that point. We went over the top, and it was a great success.

The Mount Rushmore Fundraising Project

Conger: And I think I mentioned to you that at the same time--and this is what really makes you humble--at the same time, we had this Mount Rushmore project going on. As everyone knows, the U.S. government has stopped maintaining its federal parks. It's just awful. We have all these beautiful facilities, and the government just quit putting money into them. They're just letting them run down. They keep making new parks and wilderness areas, but no money to take care of them.

So the private sector has been trying to do this, the most famous of which had just completed when we were starting this, was the Statue of Liberty. But at any rate, Mount Rushmore was one of the parks that needed to be rehabilitated. It's a park that had been built to handle maybe 500,000 people a year. It's seasonal, of course, being up there. And it was handling up to two million a year. So there was no parking. Anybody that's ever been there, you would find these cars parked up and down the road for miles because there is no parking. It was a disgrace that here was this wonderful monument to our presidents, and you couldn't get there and enjoy it.

So it needed new facilities, a new parking lot, lecture facilities, etc.--all of which would cost about $40 million. There's a society--perhaps you belonged to it at one time--there's a society, the Mount Rushmore Society, that maintains Mount Rushmore from the public standpoint, even though it's a federal park. They sort of sit on the side and have close contact with the park ranger that's in charge.

So anyhow, it was their program to rehabilitate the park. The park ranger and they worked out a $40 million budget to do all these things, and finish up some of the stuff that [Gutzon] Borglum had contemplated in his vision of the faces: namely, a repository from all of the archives of the U.S. government, in a bomb-proof chamber on the back side of the faces.

So the committee were looking for notable South Dakotans to chair this thing--you know, get a big name out there and chair it. So they picked a guy name Al Neuharth, who's the guy who started *USA Today*, and he worked for Gannett, but for Gannett he started *USA Today*, and he still writes the editorial for *USA Today*. Anyhow, Al is an interesting guy, an interesting guy. So he first agreed to do it, and so then they approached Homestake as the two largest companies in South Dakota. And Citibank had the large credit card facility in South Dakota--[Governor] Janklow had talked them into coming out there, which was a great thing for

Citibank because South Dakotans are the best working people in the world.

So they tried to get as many of us on the committee as they could. Interestingly, Homestake has had a long association with Mount Rushmore, the actual feat of carving those faces out of the mountainside--we loaned them powder and drill steel and all kinds of stuff, when Borglum kept running out of money during the thirties.

I said, sure, Homestake would participate. So anyhow, Gannett, the newspaper, put up a million dollars, and we at Homestake--I went to the board and explained to them that I thought we ought to do that, put up a million dollars because we were next door and had this long-standing association with the park. So there was $2 million, and we were scrounging around, trying to line up more people that would also be large contributors.

Well, this too was a fund drive that didn't have good outside help, so we really didn't approach this in a professional "this is what you've got to do and everybody does their part" kind of discipline. But anyhow, Neuharth, after a year of this, said, "You know, I'd just like to be honorary chairman. I don't want to be in this fundraising part of the business."

So I wound up being in charge of it. You know, this is right after Iacocca got the Statue of Liberty plated in gold. He raised two hundred and umpty-ump million dollars, driving his Chrysler cars around. And here's me--you know, trying to promote something in the Black Hills. Most people didn't even know who the faces were of.

My contacts are in the mining business, and at that time nobody was making any money, so we weren't going to raise a lot of money from them. And I would call on people up and down the West Coast here--Chevron and Bechtel and the banks. They just all said, "We don't have any customers there. How can we justify giving money for that?" You know, we should give to Yosemite or something like that, not a park in South Dakota.

I got token money from all of them, but nothing that would get us there. So we wound up raising maybe $24 million of the $40 million. So Dan Winks, the ranger, altered his plans a little bit, and they became less grand. But with the alterations was able to get more government funding for it because of the way it was characterized, these various things, so he could get government funding for it. Before, he hadn't even tried. We were just going to get all private money.

So we wound up doing all the things that were going to be done, but as far as raising the money, we raised about $24 million, which was--after this other thing--well, you can't win them all.

Swent: No, you can't.

Conger: Yes.

Chairing an Advisory Board for San Francisco State University

Conger: One other--I don't know if you noticed or not--I don't know if I mentioned it to you, but another association I've had and enjoyed working with is San Francisco State University in the city, which is part of the University of California state system. I have been chairing their advisory board for the College of Engineering and Science for about four or five years now. That has been rewarding, too.

Here's a school--unfortunately, there's not too much of it that goes into mining--the people that go to school there, and most of them don't even know what mining is--but what's so neat about that school is that, oh, I'll bet two-thirds of the student population--they work either part time or full time and then go to school, and they get a good, hard education, but when they get out of school, these kids know how to work, you know? And not only that, they've learned a skill of some kind because it's not big on liberal arts and all that stuff, particularly the engineering and science division of the school.

So that has been fun to have seen--

Swent: You personally can relate to that.

Conger: Yes, relate to that and yet contrast it, too, with Caltech, Colorado School of Mines, and these kids, all of whom work--all of them--because nobody's sending them to school, and there's not scholarships. And a lot of them aren't top students, either; they're just hardworking young people. And that is really neat.

Swent: And as an advisory board member, what do you do?

Conger: Well, the function we have is to try to make a tie between the school and industry. All of us on the board are in industry. Hewlett-Packard is on the board. All of the Silicon Valley outfits--Microsoft is there. PG&E is there. So we're trying to

get these young people from here, this experience, to here, working for somebody and providing ways to share information for these people to go to the various companies and see what's done--spend a weekend or a Saturday there--and those kinds of things, to tie the relationship of what they are studying with what they might do when they get out of school.

And also raise some money, too, but raising money is not the issue. We as a board have a scholarship that we award a deserving student, but the object is not to raise money.

Swent: Do you advise on curriculum?

Conger: No, not me personally. We could if any of us felt we should--because there's really no connection with that and what we do at Homestake. There's no effort on my part to do anything to influence that because it's just not practical. Mostly just provide that link between industry and the school. We do see what the curriculum is. We're told what they're being taught, and how, and have comments to make about it and others much more so than I --because a lot of this stuff is high-tech stuff that I have no input on. So being chairman is just the right thing for me because I can't add much academically.

Swent: Have you ever acquired employees or board members at Homestake as a result of these outside contacts?

Conger: I'm sure we have, but the only one I know of at San Francisco State that's at Homestake was my secretary, Lucy Gee. She graduated from USF. But I don't know of anyone else from there. And from Caltech, as a result of my being there, no.

One thing I did do at Caltech some years ago now--with Homestake's money--this was Homestake's money--gave the school $10,000 to take eight geologists to South Africa. This was during the apartheid thing, and I had had sort of an ulterior motive. I wanted those people to see what was happening. They'd been reading--and, of course, they were interested in the geology, which is unique in the world. But I just wanted them to go down there and see the social side of that. So Ed Stoepler asked me if there would be some money if they'll pay for these guys to go down there, and I said sure. And so Homestake gave them $10,000 to go down there. I've heard from those guys over the years since, so that paid off.

But I can't think of anybody that went to work for Homestake from Caltech. Colorado, yes. We've had quite a few.

Swent: Have you recruited directors from any of these other boards or through contacts made on these other boards?

Conger: I don't think so.

Swent: How did you meet them? The acquaintance of people you recruited.

Conger: Generally, I knew the people--not because I sat on the board with them but I had known them or known of them.

Swent: How?

Conger: Well, just in industry. But I don't think so. I guess the closest to that would be Stuart Peeler because he was a director of California Portland Cement, so I guess, yes, he would qualify. He was a director of California Portland Cement. I met him at this coal mine--I think I described it earlier--he and Mike Morphy. So--

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Conger: So he would be--that's the only one I can think of. But Bob Reininger, when I asked him to come on the board, he had been running Rosario Resources and Amax took them over, so he was no longer doing that; he wasn't seventy--he was sixty-six or something like that.

Bull Durham, as soon as he retired from Phelps Dodge, I asked him to go on the board. So there was--yes.

Living in Contra Costa County

Swent: I wanted you to talk about Contra Costa County.

Conger: How much that has changed, too.

Swent: Just now it has become public that Homestake is moving its office to Walnut Creek from San Francisco.

Conger: Yes.

Swent: That would have been a totally incredible possibility years ago.

Conger: But in today's environment, that's very logical.

Swent: When you moved here, you house hunted around various areas.

Conger: Yes.

Swent: Selected Alamo, was it? Or Danville? Which?

Conger: Well, it was Danville then, but they have since changed the zip to Alamo. Same place.

Swent: Anyway, you chose that as a place to live.

Conger: Chose it as a place to live, and that really stemmed back to two things. First of all, when I worked for Kaiser, most of the Kaiser people--even though I didn't live here and work for them--the people I knew up here lived out in this area. And also it's much warmer out here, and Phyllis and I lived in the desert for a long time before we went to Canada and really liked that climate, so we picked the warmer climate as opposed to a foggier, cooler climate. So that's how we picked East Bay, east of the tunnels. And then it was a matter of finding a place we could afford; coming from Illinois to the East Bay, even in those days was quite a shock.

So at any rate, I can remember people that we then became friends with saying, "My word, the growth out here is just overwhelming." This is back in 1975, '76. "There's hardly any more orchards left out here." And of course Phyllis and I just sort of put our eyes down because we were part of the problem that they were just talking about. And lo and behold, I've been here this long, and now we see that growth has continued without slowing down.

Swent: Nobody even remembers that there was an orchard.

Conger: That's right. There are no more orchards now.

Swent: And the commuting? How did you commute?

Conger: By BART [Bay Area Rapid Transit]. That was the other reason I picked this. I knew about BART, and I thought: What a wonderful way to get to and from the city. I didn't want to sit in a car for an hour looking at the back of another car. And so from day one I rode BART.

I can remember sometime later, maybe four or five years later, I was on the BART one day, and this *Wall Street Journal* reporter that had done an interview with me just a week before got on the train at Orinda. Of course, I got on at Walnut Creek, so I had a seat. It was early in the morning, so there was an empty seat beside me. He sat beside me and said, "Say! What are you doing here?"

I said, "I'm going to work."

He said, "On the train?"

And I said, "Yeah."

And he said, "Do you do this often?"

I said, "Every day."

He said, "I'll bet you you're the only CEO in the country that uses public transportation."

I said, "I don't know about that, but *I* do." So anyhow, BART was the way. It was a great transportation system.

Swent: You went into the city awfully early.

Conger: Yes.

Swent: Did you always go that early?

Conger: Oh, always, yes.

Swent: Or was this something you had to come to later?

Conger: No, that's a great time because people don't call you, and it's just a good time to get work done. And besides, it's a lot easier to travel.

Swent: And get a seat.

Conger: But I was always working early--at the mines we always got up early. Still get up early.

Swent: Did you ever anticipate that the office would be moved out here?

Conger: No. Actually, I looked at it once when our lease was up in the mid-eighties. Looked at moving out here--or moving--I didn't pick Walnut Creek because I lived out here and everybody would say, "Oh, yeah, you would pick Walnut Creek." Looked at Walnut Creek as one, and we looked down the peninsula. I forget which of the office areas. And Denver, because Denver was starting to coalesce as a strong mining community again, after many years of not being. So looked at all three of those.

On the basis of that, we were able to renegotiate our lease at virtually what we had been paying, which was quite reasonable, for another ten years. So weighing all that in, and the cost and

discomfort of moving people out that lived down the peninsula or in Marin, we opted to stay there. But did look at it.

Swent: And you moved within the building once.

Conger: Well, just different floors, only because they went through the building and took out the asbestos, and so you had to vacate a floor anyhow so they could do each floor, so it was just as an outgrowth of that. I think we always had had the ninth floor, and I think we used to have the ninth and a piece of the eleventh when I got there, and then when we went into this division business, these profit centers, and started each division and hired more people, we then filled out that floor, so it was nine and eleven, and then in the asbestos thing we wound up with nine and ten, I think it was. But it was just because of that.

So I think that probably pretty well covers everything.

Swent: Well, it covers all the questions that I had.

Conger: I looked through that annual report of '91. That was our toughest year to that point. We've had some tough years since then. [chuckles] But happily, the company remains strong. The stock price recently has been low, but we've had in our recent acquisitions, the people that took our stock for their stock have been selling it, so that has put a lot of pressure on our stock, but the company is strong, and I'm sure there's another hundred years to go yet in the old company.

Swent: Let's hope. I was just glancing here at your letter to shareholders in the 1995 annual report. I don't think there's anything very controversial there.

Conger: I wouldn't think so. Looking back over it, I've been so lucky and have been so honored to be able to run the company and the support that I was given by the board through all of those years, through some good times and some bad times. There's nothing that replaces that, to allow you to do the best that you can do, whatever your capabilities are. And the support and dedication of the people that work for the company. I just couldn't be more fortunate to have been able to work with the people that I did during that period of time. Enjoying what they did for the company. It was great. But even more important to me is my forty wonderful years with my childhood sweetheart, Phyllis, our two wonderful boys Red and Pres and their families, my subsequent life with my dear Rosemary, and the wonderful health we all enjoy.

Swent: You've had a fantastic career.

Conger: It's been a lot of fun.

Swent: And it's still going strong. We don't need to put it in the past.

Conger: Yes, not done yet.

Swent: No, no, no. Not by any means. You're still involved in very wonderful things.

Conger: So anyhow--

Swent: Socially, are there country clubs that you belong to out here?

Conger: No. We used to belong to Diablo, but we dropped out of that a couple of years ago. We weren't using the club at all.

Swent: You're not here very much. You're gone a lot.

Conger: Yes, we were gone a lot, and then we just didn't use it, so-- Phyllis and I had joined the club, and so it's not the same with Rosemary and me because she wasn't a club person. She had worked all her life, so she didn't have time to do anything like that.

Swent: Not a tennis player?

Conger: Well, she and I play tennis. Happily, I have a court at home, so I didn't need the club to play tennis. And I continue to play. She and I play tennis. For a person that has never played tennis before we got married, she does extremely well.

Swent: Good.

Conger: Yes. So we do enjoy doing that together.

Swent: You're still in PU and the Bohemian Club.

Conger: Yes, the PU and the Bohemian Club, and we've kept our membership at the World Trade Club, so we get in there on occasion. But as you say, we're gone quite a bit, so the country club--it just didn't hold anything for us, so we dropped that.

Swent: What about civic things out here in Walnut Creek? Have you gotten involved in them?

Conger: No, I haven't. Well, I have. We have a YMCA project in Alamo. They want to build a new facility there. There's one here in Pleasant Hill, but there isn't anything south of Walnut Creek, and so we've formed a committee to raise money to build a YMCA facility in Alamo. I'm on that committee to raise money for that,

so I'm working on that. I was active at the Y in San Francisco, but I told those people that I was going to work on this; this is my neighborhood, and so--they keep me on the advisory board in there. I really am not active in there.

So that's the one civic thing that I'm doing now.

Swent: You're doing a lot.

Conger: I keep busy. It's fun.

Swent: You're a busy man.

Well, I appreciate your giving me the time to do this.

Conger: I've enjoyed every minute of it, Lee.

Swent: It has been great. So I guess that wraps it up, does it? Deep enough?

Conger: Deep enough, as they say.

Swent: [laughs]

Conger: It's deep enough. Great.

Transcribed by Mim Eisenberg
Final Typed by Jennifer Thomson

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CONGER, HARRY M.

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Homestake Mining Company
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San Francisco, CA 94108
(415) 981-8150

Home: 2021 Green Valley Road
Danville, CA 94526

Born: July 22, 1930, Seattle, WA

1955	Engineer of Mines, Colorado School of Mines
1986-date	Homestake Mining Co., San Francisco, CA, Chairman and CEO
1982-1986	Homestake Mining Co., San Francisco, CA, Chairman, President and Chief Executive Officer
1978-1982	Homestake Mining Co., President and Chief Executive Officer
1977-1978	Homestake Mining Co., President
1975-1977	Homestake Mining Co., San Francisco, CA, VP and General Manager, Base Metal Div.
1973-1975	Consolidation Coal Co., Pinckneyville, IL, VP, President and Gen. Mgr., Midwestern Div.
1970-1972	Kaiser Steel Corp., Kaiser Resources, Ltd., Fernie, BC, Canada, VP and General Manager
1964-1970	Kaiser Steel Corp., Eagle Mountain, CA, Mgr., Asst. Mgr., General Superintendent of Mining, Mine Superintendent and Foreman
1955-1964	ASARCO, Silver Bell, AZ, Mine Engineer and Shift Boss

Member: AMC, Chairman 1986-1989; AIME; Registered Professional Eng., AZ, CA; Mining and Metallurgical Society of America

Awards: Colorado School of Mines, Distinguished Achievement Medal, 1978; Honorary Ph.D., South Dakota School of Mines, 1983; Distinguished Member AIME 1987; Honorary Ph.D., Colorado School of Mines 1988

Director: Pacific Gas and Electric Co., San Francisco, CA; Calmat Inc., Los Angeles, CA; ASA LTD, Johannesburg, S.A.; Baker Hughes Inc., Houston, TX

1/92

Metal prices tarnish

San Francisco Examiner 1 / SECTION C

Homestake outlook

1981.

By Jack Lynch
Business Writer

Homestake Mining Co. expects continued low prices for gold, lead and zinc to tarnish its short-term profits, forcing "a hard look at the dividend payout" for the third quarter, company president and chief executive Harry M. Conger says.

However, there is a bright spot in the San Francisco-based company's long-term future: There's even more gold in the company's McLaughlin gold mine in Napa County than previously thought.

Conger said yesterday in an interview that the third-quarter dividend likely will be cut because "I don't see any basic change" from last quarter's depressed metals prices.

"I see no reason to think prices will improve in the next two, three or four quarters," he said.

Homestake's dividend for the second quarter ended June 30 was 40 cents a share. The company reported quarterly earnings were $9.4 million, or 55 cents a share, down 65 percent from $27.1 million, or $1.59 a share, from the second quarter of 1980. Revenues for the second quarter 1980 were $67.5 million compared with $89 million the previous year.

In the last 1½ years, gold, which provided Homestake with 53 percent of its 1980 revenue, dropped in price from above $800 an an ounce to below $400.

Conger said he could not specifically predict third-quarter earnings, noting that prices for metals, especially gold, are volatile.

Adding to the company's troubles is a 2½-month-old strike by the United Steel Workers at the Buick, Mo., lead and zinc mine that Homestake owns with AMAX Inc. Each company holds a 50 percent interest, but Greenwich, Conn.-based AMAX runs the mine.

Conger said he expects a settlement soon but that the strike will be a definite drag on third-quarter earnings.

Homestake also does not expect any immediate increase in uranium prices in which Conger said there has been "no movement" in months.

The Napa gold mine promises considerable long-term gain, possibly as soon as late 1984. "I'm confident there's 3.5 million ounces there," he said.

When the gold deposits were discovered a year ago, Homestake estimated there were 1 million ounces. In May the company increased that estimate to 3.2 million.

Once in operation, the mine should break even at a point "well below" $400 an ounce, Conger said. How low will depend on the amount of gold produced each year, which Conger estimated would range from 105,000 to 315,000 ounces.

There is some question whether Homestake can get the Napa mine in operation by 1984, the target date given when the find was announced last year. "It will be one hell of a horserace," Conger said.

The much-larger-than-expected ore body has required more exploration time, he said, and engineering work is beginning on the mine. He added that once the mine is complete it will take at least six months to get it into full operation.

Noting that "the McLaughlin mine requires a lot of capital to get going," Conger estimated Homestake may spend up to $200 million before production begins.

He said Homestake was still considering its financing options and has not decided whether to borrow money and/or issue more stock. "We're in a good cash position and have lots of flexibility."

Homestake Mining Company

Corporate Overview
1996

Homestake (NYSE: HM) is an international gold mining company with major mines in the United States, Canada and Australia. The Company also is a part owner of a large sulphur mine in the Gulf of Mexico.

Homestake was incorporated in 1877. In 1879, its stock was listed on the New York Stock Exchange where it has traded continuously since listing. The Company's stock also is traded on the Australian Stock Exchange and the Swiss Stock Exchanges in Basel, Geneva and Zurich as well as in the over-the-counter markets in Frankfurt, Germany and Paris, France. Homestake owns 50.6% of Prime Resources Group Inc. which is traded on the Toronto and Vancouver stock exchanges in Canada.

The Company was founded to develop the Homestake mine discovered in the Black Hills of the Dakota Territory in 1876. It was a gold mining company until its diversification into uranium mining and production in the 1950s, its development of lead and zinc mines in the 1960s and the acquisition of oil and gas properties in the 1980s. Following years of profitable operation, the Company sold its oil and gas interests in 1989 and closed its last remaining uranium mine and sold its interest in its base metals business in 1990. In 1989, Homestake joined with two partners in the development of a major sulphur discovery, Main Pass 299, in the Gulf of Mexico.

In 1975, the Company made its initial investment in the Kalgoorlie gold district of Western Australia. In 1987, Homestake sold 20% of the stock of Homestake Gold of Australia ("HGAL") to the public. Subsequently, Homestake acquired a 50% interest in certain additional properties in the famous Kalgoorlie mining district known as the "Golden Mile." Late in 1995 Homestake made an unconditional offer to acquire the 18% of HGAL that it did not own at that time. Homestake issued approximately 8.5 million shares and paid approximately $22 million in cash to achieve 100% ownership in 1996.

In 1992, Homestake acquired International Corona Corporation, a large Canadian gold producer, for 37.2 million Homestake shares having a value of approximately $480 million. As a result of the acquisition, Homestake added approximately 600,000 ounces to its yearly production of gold and increased its gold reserves by more than 5.4 million ounces. In addition, Homestake acquired the high-grade Eskay Creek deposit in British Columbia.

Homestake's annual gold production will be approximately 1.8 million ounces in 1996. Operations in the United States will contribute almost 40% of the Company's production, primarily from the Homestake, McLaughlin and Round Mountain mines. Gold production from Canada will be about 40% of the Company's total, principally from the Williams, David Bell and Eskay Creek mines. Production from the Kalgoorlie operations in Western Australia will account for 20% of the Company's total production.

During the last several years, Homestake has placed great emphasis on reducing its cash production costs. In 1995, cash costs were $257 per ounce. Total costs for the Company were $343 per ounce during 1995 including $20 per ounce for administrative expenses and $15 per ounce for exploration expenses.

Gold Operations

Homestake has active mines and significant reserves in three of the major gold mining districts of the world.

Black Hills, South Dakota. The **Homestake** mine has produced more than 38 million ounces since 1876 and is the Company's largest producer. Operations consist of an 8,000-foot deep underground mine, an open-pit mine, a mill and a gold refinery. The underground mine's ore zones have become lower grade and more fragmented at depth. During 1996, the operation will continue its efforts to reduce costs and become more efficient. Additional upgrading of the electrical system and the purchase of new underground haulage equipment are important capital projects. During 1995, proven and probable ore reserves increased by one million ounces, net of 1995 production.

Hemlo Camp, Ontario, Canada. The Hemlo ore bodies were discovered in the early 1980s. The **Williams and David Bell** mines, which are 50% owned by Homestake, are modern and efficient. During the past five years, innovative cost containment programs and improved productivity have held costs per ton constant even as grades have begun to decline. Both mines have low cash operating costs. During 1995, in-mine exploration replaced 57% of reserves mined.

The Golden Mile, Western Australia. The mines at **Kalgoorlie** were discovered in 1893 and have produced over 43 million ounces of gold. Homestake owns 50% of the operations, including the Super Pit, the Mt. Charlotte underground mine and three mills. A $90 million mill expansion of the Fimiston mill was completed in 1995. As a result, the capacity of the Fimiston mill complex is now 10 million tons of ore per year. Milling costs at the expanded Fimiston mill should decline by about 25%, leading to an expected 5% reduction in overall cash production costs. Proven and probable ore reserves increased by almost 20% in 1995, and are equal to approximately 20 years of production based upon current rates.

United States

The **McLaughlin** gold mine in California was discovered by Homestake in 1978. The metallurgical complexity of the sulfide ore body required development of a new technology for ore processing. In 1985, Homestake was the first company to produce commercial gold from the autoclave (pressure oxidation) process. This operation has received numerous awards for its proactive environmental and reclamation programs. Mineable reserves will be exhausted during 1996. At that time, the operation will begin several years of production from stockpiled ore.

In 1984, Homestake acquired a 25% interest in the **Round Mountain** mine in central Nevada. Ore mined from the large open pit is placed on large pads and gold is produced by leaching the ore. Construction of a small mill to process higher grade ore should begin in 1996.

The Company has minority ownership positions in the **Marigold and Pinson** gold mines in Nevada.

Canada

Through Homestake's interest in Prime, the Company has a 22% interest in the **Snip** mine in northern British Columbia and a 50.6% interest in the **Eskay Creek** mine also in northwestern British Columbia. Snip is a small, high grade underground mine which began production in 1991.

The Company's new Eskay Creek mine began production in 1995. During the year, it produced almost 200,000 ounces of gold and approximately 9.9 million ounces of silver, or 331,000 equivalent ounces of gold. Cash operating costs were $185 per ounce, including estimated third-party smelter costs.

Homestake owns 100% of the **Nickel Plate** open-pit mine in southern British Columbia. The mine will exhaust its reserves in 1996.

Main Pass 299

Homestake owns a 16.7 % interest in Main Pass 299, the largest sulphur deposit discovered in North America in the 20th century. The deposit contains reserves of 66 million long tons of sulphur. Sulphur production began in 1992.

Environment and Technology

Homestake has earned a reputation for environmental responsibility while achieving a high level of technological innovation and achievement. The Company is considered the leader in autoclave technology as a result of its achievements at the McLaughlin mine.

Homestake's proactive stance on environmental issues has earned numerous awards from public and private groups, including the U.S. Department of Interior and the Sierra Club. Recent evidence of the success of these efforts is the recognition received from the State of California for McLaughlin's environmental leadership.

Exploration

The Company's exploration efforts are coordinated from its office in Reno, Nevada. From there, the Company directs its activities from regional offices in South Dakota, Canada, Australia, Chile and Venezuela. In addition to searching for new, high-grade gold deposits, efforts focus on further defining and expanding known ore bodies such as those at current operating locations. In 1993, the Company announced its newest gold discovery, the Ruby Hill deposit, near Eureka, Nevada. In 1995, Homestake completed a feasibility study on a portion of the deposit, and the Company's Board of Directors has authorized a $65 million investment to develop a mine. Drilling has continued on extensions of the deposit as well as on numerous other targets in the region. The Company plans a $3 million drilling program in this area for 1995.

During 1996, the Company has budgeted a total of $36 million to fund an aggresssive exploration program. High quality exploration targets already identified include five in Canada, three in the United States, one each in Chile and Venezuela and several in Australia.

Ore Reserves and Other Mineralization

At the end of 1995, the Company's proven and probable ore reserves increased by 20% to 21.5 million ounces of gold, net of equity production of 1.6 million ounces of gold. In addition it has 11.8 million ounces of other mineralized material containing gold. A summary of such gold reserves and other gold mineralization includes (million ounces):

	Proven & Probable	Other Mineralization
United States	9.9	5.2
Australia	6.6	5.2
Canada	4.9	1.4
Other	.1	
	21.5	1.8

In addition, the Company has 47.4 million ounces of proven and probable silver reserves and 6.4 million ounces of other silver mineralization.

Financial Position

Homestake's total assets were $1.2 billion at the end of 1995 Following the sale of $150 million of convertible subordinated notes in 1993, the Company repaid long-term debt, eliminated gold loans and redeemed high-cost preference shares. By the end of 1995 the Company's cash balances exceeded $200 million, its long term debt had been reduced to $185 million and shareholders' equity had grown to $635 million.

The Company's general policy is to sell its gold as produced. However, in 1994 Homestake determined that forward sales of a small portion of the Company's gold production may be appropriate in certain circumstances. As a result, approximately 183,000 ounces of gold to be produced at the Nickel Plate mine were sold for future delivery. At the end of 1995, 70,000 ounces of gold at an average price of $421 per ounce remained to be delivered during 1996.

The Company uses a program to establish exchange rate ranges within which U.S. dollar receipts from the sale of gold in Canada and Australia are converted into currencies of those countries. The foreign currency protection program was initiated to protect the risk to the Company associated with unfavorable movements in exchange rates.

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